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NEWS SUMMARY

GENERAL

Observer talks last five minutes

Talks aimed at settling the dispute which threatens the existence of The Observer newspaper broke down after only five minutes.

The paper's management and the National Graphical Association—some of whose members are in dispute over Saturday shift payments—each had discussions with the arbitration service ACAS. After the two sides met briefly but decided there was no basis for a settlement.

Mr. Joe Wade, the NGA's general secretary, asked where the dispute went from there, said: "To the closure of The Observer." Back Page

Drugs probe call

International pressure is building for an investigation of reports that Bolivia's military regime is heavily involved in drug trafficking. Page 3

Britons 'safe'

Two medical missionaries and another Briton who disappeared in Iran after being called for questioning by revolutionary authorities, are "safe and well" British Embassy officials in Tehran have been told.

Sinclair cleared

Ian Sinclair, a former Australian Primary Industry Minister, was found not guilty by a Sydney jury on all nine charges he faced of forging his father's signature on company returns.

Bomb charge

Italian police have arrested a man in Bologna in connection with the bombing at the city's railway station which killed 82 people.

Orchestra cash

BATS Industries is to provide £60,000 sponsorship for the Philharmonia Orchestra through its du Maurier cigarette brand. Page 6 and Men and Matters, Page 12.

Hospital plea

Outbreaks of legionnaire's disease at Kingston Hospital, Surrey, have led to a call by the Confederation of Health Service Employees for a temporary closure of the wards there.

Port blocked

French trawlermen lifted their blockade of Calais, Boulogne and Dieppe as arbitration got under way, but cross-Channel ferries using Le Havre were again affected. Page 2

Missiles pact

Britain, West Germany and the U.S. have signed a missile development agreement that could lead to contracts worth hundreds of millions of pounds for aerospace and electronics manufacturers. Back Page

Troops take over

Armed forces in the former Dutch colony of Surinam have resumed direct control of the South American country and forced the president out of office.

It's Christmas

Fifty guests will tuck into Christmas lunch at a public house in Bridgend, South Wales, on Saturday. The pub's manager hit on the idea to "take people's minds off unemployment and the bad weather."

Briefly . . .

Pensioner using a metal detector found a 320-ounce gold nugget worth about £78,500 in Western Australia.

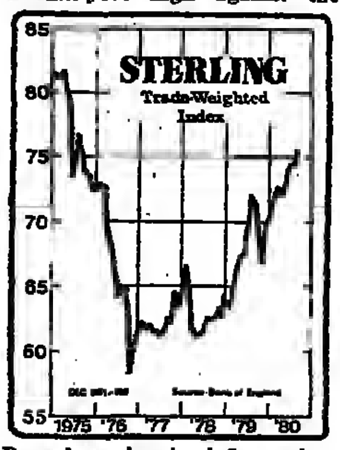
Otto, one of Britain's bravest police dogs, died, a few days before he was due to retire.

Rome police seized 10,000 forged passports, with a black market value of £3m, at a printing works.

BUSINESS

£ highest for 5½ years; gold up

● STERLING rose to its best level for five and a half years. Its trade-weighted index closing at 75.6 (75.5). It also reached a four-year high against the



D-mark, and gained five points against the U.S. currency to $2.3765. Page 20

● DOLLAR was firmer, its index advancing to 84.4 (84.2). Page 20

● GOLD rose $12 an ounce in London to $626.50. Page 20

● EQUITY leaders recovered early losses and the FT 30-share index rose 2.7 to 477.3. Page 24

● GILTS rallied on the latest money supply figures, the Government Securities index closing 0.29 lower at 69.04. Page 24

● WALL STREET was up 4.35 at 953.58 before the close. Page 22

● GOVERNMENT index of longer leading indicators rose in July for the third successive month, giving hope that the worst of the recession may be over by early 1981. Back Page

Polish shipyard hit by strike

● ABOUT 16,000 workers at the Lenin shipyard in Gdansk went on strike for higher pay, reinstatement of sacked workers, free trade unions and publication of their demands in Polish papers. Page 2

● POST OFFICE'S 6,500 clerical and computer staff are being urged by union leaders to take industrial action over a pay offer already accepted by over 180,000 other staff and engineers. Page 6

● IRAN and India may begin industrial collaboration following recent talks in New Delhi at which Iranians submitted a list of projects requiring development. Page 4

● NEW life insurance annual premiums fell 14 per cent from £89.6m to £77m in the second quarter following two major tax changes in the Budget, according to three life associations. Page 5

● GENERAL MOTORS of the U.S. has reached final agreement to extend its operations in Portugal. Page 20

● COMMERCIAL vehicle registrations in July totalled 15,338, more than 20 per cent below the figure a year ago, the industry reported. Page 6

COMPANIES

● F. W. WOOLWORTH of the U.S. reports first-half profits down by $3m at $26.8m (£11.28m). Its UK offshoot had a second-quarter loss of £2.57m, against a £8.78m profit a year ago.

● BOC INTERNATIONAL, the industrial gases and engineering group, saw third quarter profits drop from £19.1m to £16.6m. Page 14; Lex, Back Page

● ULTRAMAR GROUP, the petroleum exploration and development concern, raised first-half taxable profits by £36.2m to £60m despite a decline in sales volume. Page 14

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
AGB Research	192	+ 7
Assoc. Fisheries	78	+ 3
Astra Industrial	15	+ 1½
Brit. Home Stores	160	+ 6
GEC	482	+ 6
General Accident	312	+ 4
Hambro Life	255	+ 7
Hampton Trust	73	+ 3
Horizon Travel	270	+ 15
House of Fraser	147	+ 4
Man. Agency & Music	143	+ 9
Marler Estates	52	+ 6
McInerney	35	+ 4
Newmark (L.)	403	+ 23
Reardon Smith A	71	+ 3
Royal Insurance	396	+ 9
Unilever	487	+ 7
LASMO	710	+ 18
Shell Transport	416	+ 8
Strata Oil	136	+ 4
Ultramar	358	+ 12
Harrisons Malaysian Ests.	182	+ 6
Anglo-American Gold	£41¼	+ 1¼
Haoma Gold	154	+ 15
Hartebeest	£30¾	+ 1¼
North West Mining	140	+ 12
President Brand	£22¾	+ 1
FALLS		
BPC	24	− 3
Kwik-Fit	85½	− 3½
L.C.P. Hldgs.	64	− 5
Peerless	84	− 7
Philips' Lamps	395	− 32
Ratcliffs (G. B.)	46	− 5
Squirrel Horn	23	− 2

Bank's reassurance as money supply jump is confirmed

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

The Government attempted yesterday to provide reassurance about its monetary policy following confirmation of a 5 per cent jump in the money supply last month.

A Bank of England statement accompanying the figures said that after allowing for special factors and distortions there did not appear to have been an acceleration in the underlying rate of monetary growth in July.

The Bank reported indications that the rise in bank lending to the private sector was broadly in line with the trend in recent months.

These comments were accompanied by an extension of financial assistance to the banking system in an attempt to prevent a rise in short-term interest rates.

The problem has been to know what is happening to the money supply.

The latest figures provide detailed confirmation of the massive adjustments of bank business after the end of the corset controls in June.

The corset had encouraged banks to shift business outside Sterling M3, the broadly-defined money supply, into uncontrolled channels. This business is now being moved back within the measured money supply, artificially inflating Sterling M3.

These adjustments account for at least £1bn of the record £2,434m rise in bank lending to the private sector. Part of the rest can be explained by the three-monthly bulge associated with failure to make a sufficient seasonal adjustment for payments of value added tax and quarterly bank interest debiting.

The post-corset distortions have also been reflected in a sharp rise in bank lending in

Money supply tables, Page 6
Editorial Comment, Page 12
Recession may hit bottom by January and Lex, Back Page

sterling overseas, and in a big jump in bank holdings of gilt-edged stocks.

The Bank has not yet tried to quantify these distortions, and its comments yesterday may be only partially reassuring. Although there may have been no acceleration in monetary growth last month, the underlying rise is still well above the upper end of the official target range.

The present official approach is to stress that the corset distortions relate to past excesses, and that monetary policy is at present tight.

Consequently, immediate action does not need to be taken to compress the rate of monetary growth back within the 7 to 11 per cent range for annual growth of Sterling M3. This has risen by 23.3 per cent at an annual rate since the start of the target period in February.

Broader measures of liquidity which are only partially affected by the corset have been growing at annual rates of between 17½ and 21½ per cent since February.

The main decision will arise in two or three months' time when the present target is extended. It is likely that there will be pressure for a new starting point which ignores current distortions.

Meanwhile the authorities are keen to prevent any rise in short-term interest rates.

Their action yesterday took the form of an extension to September 15 of a sale—and repurchase facility with the banks which was due to run out on Monday.

The facility has been reduced from £900m to £750m, and all banks are being requested not to increase significantly their holdings of gilt-edged stocks with more than a year to maturity.

BL Cars considers 3,500 layoffs as demand falls

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

BL CARS is considering cutting 3,500 white collar jobs to contain costs following the sharp fall in the UK demand.

The state-owned concern, which already has more than 5,000 workers on short time, said yesterday that it hoped for up to 300 voluntary redundancies among manual workers at the Jaguar assembly plant, Coventry.

Last September, Sir Michael Edwardes, BL chairman, said that at least 25,000 jobs would have to go over a two-year period, but the shakeout of labour has been faster than expected.

The company said last night it was difficult to provide detailed employment figures. But the scale of the cuts will clearly be greater than originally envisaged.

BL Cars' share of this year's reduced market has been less than forecast. Sales in the first seven months reached only 17.8 per cent, compared with 20.34 per cent in the same period last year.

Workers' fears about job security have contributed to a dramatic improvement in productivity. At the Solihull Land Rover/Range Rover plant, man-

Japan has taken 20 per cent of car sales in the UK so far this month according to unofficial reports. This has increased fears that Japanese imports will exceed the limits of the existing agreement for the year. Page 6

agement claims a productivity jump of around 30 per cent in the past two months.

But as output climbs, the market has turned down. At Jaguar, the risk of still further redundancies is increased because UK demand is flat while output has increased from 340 vehicles a week at the begining of the year to 470 now.

The white collar section of the Transport and General Workers' Union claims that BL Cars is looking for a further cut of 15 per cent in the 25,000-strong staff workforce, which includes supervisors and design and computer staff.

The company last night claimed not to recognise the figures but pointed to its aim of reducing overheads and cutting costs.

The management at Jaguar's Browns Lane assembly plant in Coventry opened negotiations with unions yesterday on a proposed cut of between 300 and 500 from the 4,000 manual workers.

The redundancy announcement is the second time round for many Jaguar workers. Painting of the Jaguar was transferred to Birmingham some 18 months ago, with the opening of a £25m plant at Castle Bromwich.

Print group's £6.5m interim loss

BY ALAN FRIEDMAN

BPC, the printing and publishing group, yesterday revealed an interim loss of £6.5m before tax. It said it was unlikely to make a profit in the second half of the current year.

Mr. Peter Robinson, chairman, said the slump from last year's pre-tax profit of £60,000 in the first six months was caused by industrial disputes, higher interest charges and a deepening of the recession.

"In view of recent interest in our shares we felt it our duty to publish these figures ahead of schedule," he said.

Pergamon Press acquired a 29.4 per cent stake in BPC for £2.9m in a "dawn raid" on July 18. The shares were purchased at 25p each. They fell 3p yesterday to 24p after the news of the loss.

BPC also announced yesterday that it had been told by the Office of Fair Trading that the Pergamon acquisition constituted a merger qualifying for a reference under the Fair Trading Act 1973 and was being investigated.

Mr. Robinson said that Mr. Robert Maxwell, Pergamon's chairman, had requested Board representation in a recent meeting, but this would not be considered until after the investigation by the Office of Fair Trading was concluded.

Mr. Robinson said the recession had deepened "with suddenness and severity in all areas of our business" during the last three months.

He cited the damaging effects of the National Graphical Association pay dispute which, he said cost BPC around £3m. The National Union of Journalists dispute at the International Publishing Corporation, a major customer, also contributed to a printing division loss of £1m against last year's six-month profit of £1.7m.

Should The Observer close in the coming weeks, Mr. Robinson estimated that 150 additional redundancies would become necessary at Purnell and Sons, the division which prints the colour supplement.

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Laker to reduce U.S. air fares

By Michael Donne, Aerospace Correspondent

THE TRANSATLANTIC air fares war erupted again yesterday. Laker Airways announced big cuts in Skytrain standard fares, and new ultra-cheap economy class fares.

Sir Freddie Laker, chairman, said in London that the cheapest Skytrain standard fare to New York from October 15 would be £78, compared with the £82 stand-by rate to be offered by British Airways and Trans World Airlines.

On the route to Los Angeles he would offer a cheap standard single rate of £109, against BA's stand-by of £113, while to Miami he would offer a standard fare of £82 against BA's stand-by of £86.

A new Laker "Super Saver Economy" single rate to all three destinations will substantially undercut not only the normal economy fares offered by the rival airlines, but also their special "Super Apex" advanced purchase excursion rates.

The super economy rate to New York will be £93 single, against the normal BA economy rate of £189 single. To Los Angeles it will be £134 single (against BA's £278, while to Miami it will be £101 against BA's £210.50.

The Laker rate will also undercut the rival airlines' Super Apex rates. A Laker super economy return to New York will cost £184, against the BA super Apex rate of £164 return.

Sir Freddie stressed that while he was not worried by whatever his rivals in British Airways, Pan American or Trans World Airlines might do, he was ready to be flexible.

He would trim his fares further "if it is to our advantage on the day."

"The super economy and standard fares that I am offering are on the strict understanding that the seats are available—unlike my competitors," Sir Freddie said.

Under the new super economy fare, passengers could book when they liked, one-way or round-trip, stay as long as they liked, and still

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Laker trims fare, Page 5

£ in New York

—	Aug. 15	Previous
Spot	$2.3780-3790	$2.3785-3800
1 month	1.54-1.49 dis	1.46-1.41 dis
3 months	3.70-3.65 dis	3.60-3.46 dis
12 months	7.85-7.75 dis	7.75-7.60 dis

An exultant President Carter celebrates as Texas votes give him the nomination. Mr. Robert Strauss, his campaign manager, joins in the applause.

Carter faces hard task

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

PRESIDENT JIMMY CARTER faced the difficult task last night of igniting enthusiasm for his November election campaign, after securing his renomination as the Democratic Party's candidate in the early hours of yesterday morning.

His acceptance speech to the party convention assumed particular significance, given the distinctly flat proceedings that were crowned by his nomination, a marked contrast to the high theatre and excitement of Tuesday night when Senator Edward Kennedy captured the imagination, if not the minds, of the assembled delegates.

Mr. Carter's actual victory margin, 2,129 for himself to 1,146 for Mr. Kennedy and 43 for other candidates, was noteworthy for the fact that only about 100 Kennedy delegates switched from their defeated leader, though he had withdrawn his name from nomination on Monday night and formally released his delegates "to vote their consciences" before the nomination rollcall began.

Even Mr. Kennedy's formal pledging of support for Mr. Carter was withheld until after the state of Texas' vote had assured the President of the nomination. Then Mr. Thomas "Tip" O'Neil, Speaker of the House of Representatives and chairman of the convention, interrupted the vote to read the Kennedy message.

It ran: "I congratulate President Carter on his renomination. I endorse the platform of the Democratic Party. I will support and work for the reelection of President Carter. It is imperative that we defeat Ronald Reagan in 1980. I urge all Democrats to join in the effort."

Yet even this statement, unequivocal though it sounds, could not dispel yesterday the lingering doubts as to whether the two rivals had really buried the hatchet. There was no immediate meeting between the two.

Earlier Mr. Carter went some way to meet the objections of Kennedy liberals with a carefully worded statement fudging his reservations about key parts of the party's platform adopted by the convention. He promised in effect to honour the spirit, if not the precise policies, on jobs and women's issues in particular, dictated by the convention.

What Mr. Carter now needs to do is to give the convention, and by extension the voting public at large, reason to support his candidacy in the campaign proper.

It may not be enough merely to accentuate the negative by stressing the threat implicit in the person and policies of Mr. Ronald Reagan, the Republican nominee, though such an attempt is certain to comprise an integral part of the President's efforts.

Interestingly, Mr. John Anderson, the independent candidate, was in New York yesterday, nakedly attempting to seduce disaffected liberals. He half-promised to name a Democrat as his running mate before the end of the month, and announced that his campaign chairman would be the well-known liberal Republican Mrs. Mary Crisp, co-chairman of the Republican Party until ousted by Mr. Reagan's supporters last month.

Mr. Anderson said he had discussed the Vice-Presidential nomination with Mrs. Shirley Chisholm, the prominent black Congresswoman, and a senior campaign manager's role with Mr. Patrick Lucey, former Governor of Wisconsin and adviser to Mr. Kennedy, but both had replied that it would not be appropriate for them to make any commitment while

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Convention report Page 3

16,000 Polish shipyard workers join strike

WARSAW—Sixteen thousand workers at the Lenin shipyard in Gdansk went on strike yesterday, calling for higher pay, reinstatement of sacked workers, free unions and publication of their demands in the Polish Press, dissidents said.

The strike in the shipyard, where stoppages ten years ago led to the downfall of Communist Party leader Wladyslaw Gomulka, posed the most serious challenge to the authorities since labour unrest broke out in Poland six weeks ago.

In Warsaw a four-day-old *partial public transport strike* again caused problems for commuters when bus, taxi and train drivers refused to work, despite offers of higher pay.

The dissident *Self-Defence* Committee (KOR) said workers at the Lenin shipyard were holding a mass meeting in the Baltic port and had ignored calls by management to return to their jobs.

Earlier officials confirmed that pay talks were taking place but denied that there was a strike.

The KOR said the dispute began in protest against the sacking of a woman employee, *and there were also calls for* higher pay. Shipyard workers already earn more than 10,000 zloty (£140) a month, double the national average.

There were also reports of stoppages in the cities of Wroclaw and the Lodz suburb of Alexandrow Lodzki, according to KOR. In both cases workers demanded higher pay and better supplies to shops.

In Warsaw, tram, bus and taxi drivers continued striking despite offers of higher pay, and there were reports that people were forcing the few trams running to return to their yards.

Workers at four of the city's *five tram depots* were on strike and the tram lines in many parts of Warsaw were deserted.

Bus drivers, who were offered a 2,200 zloty (£31) pay rise, resumed work in five of the city's seven depots.

Municipal taxi drivers were also striking in Warsaw where, *for the first time since* the strikes began six weeks ago, the full effects of the labour unrest have been clearly visible to the public.

There were two new strikes yesterday—by street maintenance workers in a Warsaw district demanding 50 per cent pay increases and by *construction* workers in Lodz.
Agencies

Subsidy 'threat to Comecon growth'

BY LESLIE COLITT IN BERLIN

A SHARP growth in East European state subsidies to industry and the consumer is leading to reduced investments, endangering growth prospects and thus living standards in the Comecon countries. This is the conclusion drawn by a study of the extent of subsidies in the East German budget by the West Berlin-based German Institute of Economic Research (DIW).

The analysis comes at a time when the Polish Government is attempting to reduce the burden of subsidies by raising meat prices and is feeling the back*lash from striking workers who* are demanding ever higher wages. In Hungary, on the other hand, the Government has managed gradually to reduce subsidies while convincing workers that a temporary fall in their real income will be made up by improved supplies and eventually higher living standards when competitiveness improves.

Industrial and consumer subsidies in the current East German budget make up nearly 37bn Marks (£8.8bn) out of total expenditures of 155bn Marks (£37bn). This does not include traditional state expenditures for education, health, social insurance, culture, sport and *communal* services which total another 53bn Marks.

the last five-year plan ending in 1975, subsidies were twice as high as budget outlays for research, transport and investments. In the past four years, they have been three times this amount. However, the study notes that research and development are mainly financed by state companies along with investments which have been frozen at last year's level.

Subsidies in East Germany go to industry to *make up for the* uneconomical production of certain essential products as well as to agriculture in the form of higher purchase prices for the output of some state co-operatives. These producer subsidies are expected to cost approximately 14bn marks this year.

Far more important are the consumer subsidies to maintain low prices for basic foods, essential consumer goods, public transport, repairs and services. These total 16.4bn Marks in this year's East German budget.

Rent subsidies total another 7.1bn Marks. The rents collected from East German apartment dwellers cover only one-third of the state's *running* maintenance costs and thus explain why old buildings are seldom repaired. Some subsidies for non-essential consumer goods are to be eliminated beginning next year as part of a cautious attempt to bring some prices in line with costs.

Halt called to Italian banknote fiasco

By Rupert Cornwell in Rome

HOLDERS OF L100,000 (£50) banknotes in Italy can breathe again. The three-day edict which had made them virtually useless was withdrawn yesterday by the same Calabrian magistrate who imposed it, Sig. Francesco Colicchia.

In its brief life, the provision, ordered by Sig. Colicchia with the aim of helping identify those involved *in* "laundering" kidnap ransom payments, succeeded in bringing confusion to Italian banking, commerce and retail outlets of every kind.

People left holding the notes found that almost no-one would accept them. Banks were faced by a stampede of people seeking to change them. Irritated queues formed as cashiers, complying with the magistrate's instructions, laboriously took down both proof of the identity of the person desperately trying to get rid of them and the serial numbers of the banknotes.

Indeed, such was the disruption, even in the traditional midsummer lull here—and the risk to the reputation of the Italian currency and the vital tourist industry—*that* Sig. Colicchia was forced rapidly to reverse his order.

This farcical episode, however, leaves unanswered more fundamental questions about the powers of magistrates in Italy, and about the Government's lack of central executive authority of the Government.

For three days an investigating magistrate in Reggio Calabria proved to have more influence over the day-to-day management of the economy than the Government in Rome.

Under the powers invested by the constitution in the magistrature, the Bank of Italy and Treasury Ministry could do no more than helplessly order Sig. Colicchia's edict to be observed, whatever the chaos it was causing.

Swiss jobless at 0.2%

SWISS unemployment last month fell to its lowest level since March, 1975, with only 4,714 people registered at labour exchanges as jobless, John Wicks writes from Zurich. This is fewer by 44.9 per cent than the level in July last year and equals 0.2 per cent of the national work-force.

Moscow presses for talks on nuclear weapons in Europe

MOSCOW — The Soviet Union yesterday again called on the West to begin immediate talks on limiting nuclear weapons in Europe.

An article in Pravda, the Communist Party newspaper, also attacked the new U.S. concept of a limited nuclear strike, saying Washington "was dancing" on a nuclear threshold.

Earlier this month, President Jimmy Carter signed a policy directive which places less emphasis on all-out U.S. retaliation to a Soviet nuclear attack and more on destroying military targets.

In the Pravda commentary, Mr. Yuri Zhukov said: "The pressing task of the peace-loving public is to open negotiations as soon as possible, negotiations in which the West is interested no less than the East."

Mr. Zhukov repeated the Kremlin's view that talks on the reduction of nuclear arms should embrace Washington's forward-based systems which include nuclear-equipped aircraft in Europe and the Mediterranean and submarines lying off Europe.

Mr. Zhukov said that the U.S. had deliberately held back from answering Moscow's call in June for immediate European arms reduction talks because it was putting the finishing touches to its limited nuclear strike strategy.

He repeated that the Soviet Union and its Warsaw Pact allies were capable of taking all "necessary retaliatory measures and will not tolerate violation of the existing strategic balance of forces (in Europe)."

The Soviet Union argues that last December's *decision* by NATO countries to deploy 572 Cruise and Pershing-2 missiles in western Europe from 1983 would tilt the East-West balance of nuclear forces on the continent firmly in NATO's favour.
Reuter

Dutch party's manifesto promises 300,000 jobs

BY CHARLES BATCHELOR IN AMSTERDAM

THE CREATION of 300,000 new jobs and a Fl3bn (£652m) housebuilding programme are the main points in an election manifesto drafted by the Christian Democrats, the larger of the two parties in the Netherlands' ruling coalition.

A draft document entitled "For a Meaningful Existence," resembles the manifesto presented by the opposition Labour Party in June. A large number of Christian Democrat MPs would be happier to form a coalition with the Labour Party after the election, due next May, than to continue their present partnership with the right-wing Liberal Party.

The Christian Democrats propose that incomes should fall by 0.5 per cent a year for the lowest paid to 3.5 per cent for those on top salaries in the four years from 1981. The intention is that economic growth, which the party believes will be 2.5 per cent a year should largely be used to improve company profits and thus create more jobs. Natural gas income and savings on energy should provide funds to make 100,000 jobs.

Another 120,000 will be part-time work as a means of easing people now on social security back into employment. Dutch unemployment is at a post-war high point of 251,000.

The manifesto calls for an increase in the rate of new house building to 120,000 a year from a level of 85,000 expected for this year and proposes extra money to go towards rehabiliting run-down housing in city centres. This is a reaction to growing concern at the housing problem and the emergence of a vocal squatters' movement.

The target for jobs is identical to that of the Labour Party, which has proposed 125,000 new housing starts. But Labour has forecast only 2 per cent growth *and, while it is willing to see* cuts in higher incomes, it wants to maintain those of the lower paid.

M. Mitterrand: Socialist support for trawlermen.

Fishermen again block Le Havre

By David White in Paris

BY DAVID WHITE in PARIS
LE HAVRE, France's second most important port, was again blockaded by protesting fishermen yesterday as the first arbitration procedures got under way in a bid to resolve the three-week-old Boulogne trawler dispute. Trawlermen are resisting *moves to cut crew levels and* pay as a result of fishing companies' financial problems.

Blockades at other Channel ports had been lifted and French Railways said passenger traffic was back to normal at Calais, Boulogne and Dieppe. Prospects for today and the weekend were uncertain.

In Le Havre, French navy vessels broke up a line of fishing boats across the harbour entrance yesterday morning, cutting their moorings. *But the port was later* sealed off again, and car ferry operators said that there were no services to or from Le Havre.

The nearby oil terminals were not affected, according to the Total oil group.

The protest movement continued at a number of fishing ports stretching from the Belgian border to Brittany, after Wednesday's day of action in Boulogne.

The French Socialist party has demonstrated its support *for the trawlermen, and M.* Francois Mitterrand, the Socialist leader, has sent a letter asking M. Joel le Theule, Minister of Transport, to receive Socialist MPs to discuss aid for the fishing industry.

Greeks seek foreign help in oil hunt

By Our Athens Correspondent

GREECE, WHICH relies heavily on imported fuels, has decided to call in foreign companies to help its ambitious oil exploration programme. Crude imports are expected to cost Greece $3bn (£1.3bn) this year, placing a heavy burden on the economy and creating serious balance of payments problems.

The state-controlled Public Power Corporation (DEP), set up to handle oil exploration, is having its budget increased to Dr 17bn (£170m) in the next five years. This is estimated to be sufficient to explore only 10 per cent of Greece's possible oil deposits. As a result, foreign companies will be asked to bid for oil exploration concessions in various areas. Exploration work will be under the supervision of the DEP and will help Greek technicians acquire the necessary know-how.

The areas in which foreign companies will be asked to look for oil are the Ionian islands of Paxos and Antipaxos, the north part of the Ionian island of Lefkas, the western coast of the mainland, the south western Peloponnese, southern Crete and the area of south of the island, and the Nestos river estuary in northern Greece.

Danish trade deficit

DENMARK'S trade deficit for the first half of the year rose by DKr 2.5bn to DKr 10.2bn (£790m). However, the figures for this year are not fully comparable with last year's figures as a result of changes in customs registration procedures, writes Hilary Barnes from Copenhagen. When these are taken into account, the trade deficit should be about DKr 11.4bn this year.

Yugoslavia eases prices freeze

BY ALEXANDER LEBL IN BELGRADE

YUGOSLAVIA is to relax substantially the price freeze introduced in conjunction with the 30 per cent devaluation of the dinar on June 6. The Federal Government has agreed with the constituent republics and autonomous provinces on a new regime that does not provide for completely free pricing but for selective increases consistent with the existing policy of stabilisation.

Despite the freeze, prices have been going up. Some, such as petrol and other oil products, were raised by the Government itself, reflecting both the devaluation and the higher prices charged for crude by OPEC and by the Soviet Union.

Wheat prices were increased as an incentive to farmers leading to dearer bread and other bakery products. Prices of coffee and detergents, both in short supply, were also increased. In addition, producers, traders and importers found ways of increasing prices although they were supposed to stay unchanged until the agreement now signed was negotiated.

Retail prices went up by 3.6 per cent in June compared with May in spite of the freeze, and by 3.8 per cent in July over June. In the 12 months to July retail prices increased 29.8 per cent and the cost of living 29.5 per cent. With the ending of the freeze, inflation could attain some 35 per cent on the year-to-year basis by the end of this year.

At the same time, the increase in wages, salaries, and pensions has been kept well below that of the cost of living. *This fall in* real earnings, if it lasted long, could endanger productivity and run the risk of fuelling social tension. Mr. Veselin Djuranovic, the Prime Minister, recently said in an interview, that conditions would have to be created under which real wages could again start increasing in the near future.

As *import* restrictions *start to* bite, industrial production has been slowing below even the revised lower targets.

RIOJA'S TRADITIONAL VINEYARDS AT ODDS WITH BIG PRODUCER

Quality dispute divides wine trade

BY OUR MADRID CORRESPONDENT

A DISPUTE about quality control is causing deep divisions within the Spanish wine trade. It centres on the Rioja region in northern Spain, which provides the country's finest and best known wines.

Lined up against each other are two groups of wine producers. On the one hand, there are the eight traditional wine houses of the region—Marques de Riscal, Marques de Murrieta, Casa Martinez La Cuesta, Bodegas Bilbainas, Cune, La Rioja Alta, Bodegas Riojanas and Lopez Heredia. These pride themselves on their reputation for high quality output.

In the other camp are the wine interests of Rumasa, Spain's largest private holding company, which is owned by Sr. Jose Maria Ruiz-Mateos and his family.

In under 15 years he has established a major position in the Rioja business and now controls about 30 per cent of the production and sale of all Rioja wine. Rumasa is under fire for allegedly undermining the quality of the wine.

The dispute has been simmering for several years but is coming to the surface now because of Rumasa's growing weight within the trade.

Rumasa is credited with having mechanised the business in many important respects. But some of these modern methods are criticised by oenologists. For instance, cost-effective ways *of speeding* up the maturation process of wine are criticised for lowering quality.

Supporters of Rumasa argue that this criticism is levelled because competitors are unable to lower their costs either through outdated management techniques or through lack of scale of their operations.

There is also controversy about the application of Spain's *appellation controlée* regulations. In practice, these controls, introduced in 1970, are regional rather than quality controls. Much effort has been devoted to prevent producers buying in cheaper grapes from outside the Rioja region and then mixing and selling them under a Rioja label.

But control is lax on other aspects and even officials concede that "the application of the regulations is deficient."

A more fundamental problem in quality control is that the Rioja region has only one denomination. Yet the region covers 120,000 acres and 131 municipalities. In Burgundy, by contrast, which covers 15,000 acres, there are 70 different denominations.

Despite the size of the Rioja region there are only 12 Government inspectors, yet the system has worked until now because of a sort of gentleman's agreement among producers, in which everyone benefited from buying the cheaper grapes from outside Rioja.

The traditional producers argue that there should now be a clear distinction between areas on the basis of quality. This would mean a division between the south of Rioja (low quality) and the northwest, and especially in Leon province and the foothills of the El Bierzo Cordillera (high quality).

Offpeak holidays urged on Spanish

BY OUR MADRID CORRESPONDENT

SPANIARDS MAY be encouraged next year to leave their beaches free for foreigners during July and August. They are also going to be strongly dissuaded from taking their holidays abroad.

This "programming of Spanish holidays" as one leading local newspaper has written, is the outcome of a meeting between the Government, unions and the leading employers association, when it was agreed to offer incentives to Spaniards to take their holidays in the off-peak months, and that further restrictions should be placed on their travelling abroad.

The aim of the first measure is clearly to entice more foreign tourists to Spain in July and August with the promise of greater hotel space. The second seeks to ensure that Spaniards continue to spend less abroad than foreign tourists spend in Spain.

The Government has proposed a plan for civil servants to take their holidays in June and September, *labour* contract incentives encouraging workers to take off-peak holidays, and special offers of cheap holidays for pensioners, administered by the Ministry of Health and Social Security, at any time except July and August.

In addition, more restrictions are to be placed on the amount of money Spaniards may take abroad. At present they may take Pta 80,000 (£475) on each trip up to four times a year.

The proposals have been greeted with considerable scepticism.

Interest rates fall in France

By Our Paris Staff

FURTHER easing of French interest rates was expected yesterday when two of the country's largest banks led the way in announcing their intention to cut half a percentage point from their base lending rates from next Monday.

The move by the state-sector Societe Generale and the private-sector Credit Commercial de France, is expected to be followed by other banks. Their lending rate to prime customers is down to 12.25 per cent.

The reduction brings bank rates more closely in line with day-to-day money rates, now down to 11 per cent. The authorities hope the easier trend will relieve some of the pressure from the franc,

Battle looms for the gold in Europe's budding central bank

A DISPUTE may be brewing within the European Community over the future of an obscure institution with the impressive title of the European Monetary Co-operation Fund.

Set up by the Community's central banks to administer currency intervention and credit arrangements within the Nine, the monetary co-operation fund is, for the time being, nothing more than a brass plate on an office block near Luxembourg railway station.

Yet it is the formal holder of assets in gold and dollars worth well over $60bn, somewhat more than the *combined gross* national products of Peru, Portugal and the Philippines. And, according to an edict by Community heads of government, it is due to be transformed eventually into a far grander institution—a kind of European central bank—as part of the development of Europe's currency stabilisation scheme, the European Monetary System.

Gold is a key issue. The monetary co-operation fund is now a mere book-keeping entity. Its accounts are run not from the permanently unstaffed Luxembourg office but from outside the Community—from the Bank for International Settlements, the central bankers' bank in Basle.

But one of the monetary co-operation fund's jobs (now done by the Bank for International Settlements) is to administer the *partial* pooling of the Community's gold and dollar reserves, a principal innovation of the European Monetary System arrangements.

As a result of the bullion price explosion and the monetary system mechanism which effectively mobilises part of official gold holdings, Community central banks are awash with liquidity.

This is not to the liking of the more stability-minded members of the Community, the West Germans and Dutch. *They* see the expansion of liquidity as one more obstacle in the way of the monetary system's ultimate aim—to reduce inflation.

This could have a vital bearing on the plan to upgrade the monetary co-operation fund. Under the plan, set out by heads of government when the monetary system arrangements were agreed in December, 1978, the monetary co-operation fund is eventually to be turned into a full-fledged European Monetary Fund. This latter institution is intended to stitch together the intricate web of financial mechanisms which up to now have been spun in a rather random way around the European Monetary System.

The Monetary Fund is intended to have complete ownership of the gold and dollar reserves which, under the reserve-pooling *scheme*, are at present only temporarily deposited with the Monetary Co-operation Fund. And it is supposed to administer the credits made available to countries which either need short-term funds to help to support their currencies in the markets, or else are in long-term balance-of-payments difficulties.

The original plan was to set up the Monetary Fund by March 1981—two years after the European Monetary System itself started. This aim was reaffirmed only last November

David Marsh reports on the dispute brewing over the European Monetary Co-operation Fund, ... intended one day to ... become the European central bank.... As a ... result of booming ... bullion prices, the fund now holds gold and ... dollar assets worth over $60bn, more than the combined gross national products of Peru, the ... Philippines and ... ... Portugal.

at the meeting of heads of government of the Nine in Dublin.

But even before then it had become clear that the timetable would not be met—partly because of the West German and French elections this autumn and next spring. Now so many uncertainties have arisen—particularly over the role of gold—that there must be doubt whether the fund will ever start operations.

...*Some* Community bankers appear privately to think it would be no great shame if the European Monetary Fund never did get off the ground.

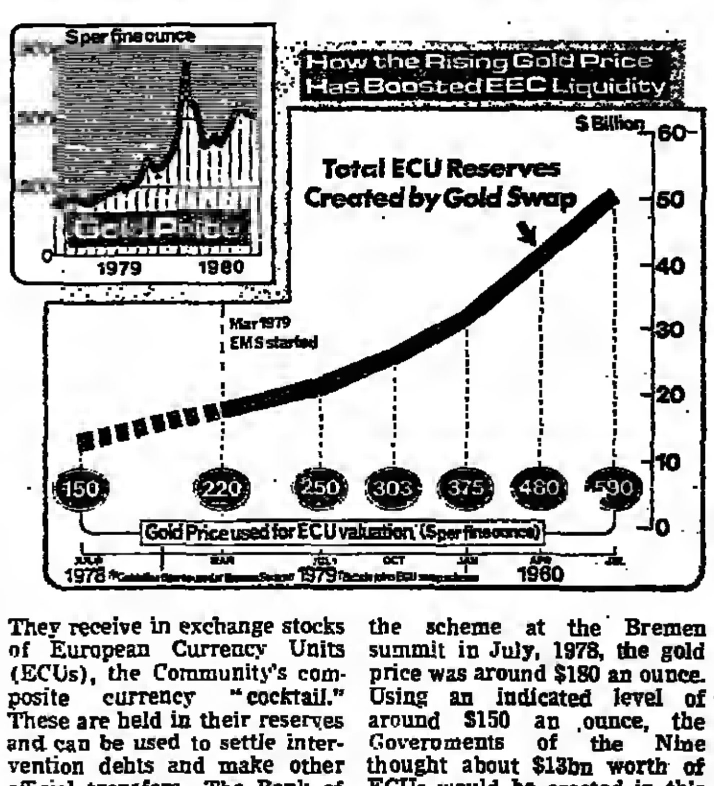
At first sight, the European Monetary Co-operation Fund's operations look quite uncontroversial. It has two main roles. One is simply to keep account of the debts and claims which the Community central banks run up when they make short-term borrowings from one another to marshal the funds needed for supporting currencies in the market. This operation follows directly from the monetary co-operation fund's original aim, when it was set up in 1973 to administer the European currency "snake," the forerunner of the European Monetary System.

However, there has been a *significant* difference under the monetary system. A substantial amount of Community intervention to support currencies has taken place during the 17 months since the system started. *Much of it* has been carried out before currencies actually reached the limits set by the scheme—which has led to the central banks' activity *taking* rather a low profile.

Because Community central banks' reserves are much higher than a few years back, many of the funds needed for intervention have been obtained not, as in the old days, through borrowings from the Monetary Co-operation Fund, but simply by drawing down existing reserves.

One key purpose of the monetary co-operation fund as a source of finance has thus been substantially diluted. The healthy state of Community liquidity could be one reason why no one will be very worried about a delay in proceedings with the embryonic European central bank.

The monetary co-operation fund's second role is more novel. Under the terms of the European Monetary System, Community central banks deposit 20 per cent of their gold and dollar *reserves* on a three-month temporary "swap" basis.



They receive in exchange stocks of European Currency Units (ECUs), the Community's composite currency "cocktail." These are held in their reserves and can be used to settle intervention debts and make other official transfers. The Bank of England has participated in the ECU scheme since July last year, even though Britain is not a member of the exchange rate mechanism of the monetary system.

The European Community effectively re-monetised part of its gold holdings by agreeing on a formula to turn gold into ECUs at a market-related price—the average market price of the previous six months, to be revalued quarterly, or the price of the last working day of the quarter, whichever is the lower.

When the Community was first working on the details of the scheme at the Bremen summit in July, 1978, the gold price was around $180 an ounce. Using an indicated level of around $150 an ounce, the Governments of the Nine thought about $13bn worth of ECUs would be created in this way. The gold price is now over $600 an ounce. As the chart shows, the rise has led to a progressive increase in total ECUs created by gold revaluation until, on the date of the latest quarterly recalculation last month, it had reached the startling figure of $50bn.

Total ECUs in Community reserves, taking into account the units created by dollars as well, are now worth around $65bn. This is much larger than even the $50bn figure bandied around at the Bremen summit as the sum which could eventually be amassed at the monetary fund when a $25bn portion of national currencies was included.

So far, the only Community country to reap much benefit from the gold-into-ECUs mechanism has been Belgium. The Belgian franc was one of the weakest members of the system during its first year of operation, although it has recently stabilised above the Deutsche Mark. The Belgian central bank has had to draw down its ECU holdings to finance intervention to prop up its currency.

Mr. Jacques van Ypersele, the economic adviser to the Belgian Prime Minister, admits that the rise in the gold price has increased the mobility of Belgium's gold reserves—although he says the benefits have not been undue.

Some other Community members might dispute this. It has not escaped the attention of the Bundesbank that Belgium has during the past year or so used Deutsche Marks borrowed on the West German capital markets to prop up the Belgian franc. Some West German officials have expressed surprise at the *lengths* to which the Belgian authorities have gone to avoid a currency devaluation.

France and Italy, the European Community's two main gold-owning countries after West Germany, have seen their currencies performing better than expected, and the Banque de France has even had to intervene to keep the French franc from breaching its upper limits in the system.

The lira, however, has come under increasing pressure within the past few months, and is now at the bottom of the system. The Bank of Italy has intervened substantially this summer to support the currency (although it is still some way off its lower limit).

The Bundesbank is too polite to voice its fears out loud. But it is afraid that if currencies like the French franc or the lira were in real trouble, central banks could draw on plentiful supplies of ECUs rather than be forced into a necessary devaluation.

The Bundesbank, however, has served notice about its feelings on the eventual setting up of the montary fund. It stressed in its annual report in April that the *monetary fund can be* set up only along lines "*fully* compatible with the European Monetary System's aim of creating a zone of stability in Europe." Dr. Leonhard Gleske, the Bundesbank's director in charge of foreign exchange operations, this summer warned that the Bundesbank might seek a "modification" of the gold-into-ECUs mechanism. He has also stated that the monetary fund must be completely independent from national governments—in fact should be modelled on the *sturdily independent* Bundesbank itself.

This latter requirement in particular might run into opposition from the French Government, which has different feelings from the Germans about the degree of freedom which should be enjoyed by central banks. But with $50bn worth of gold reserves at stake, the Bundesbank obviously feels this is a prize worth fighting for.

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AMERICAN NEWS

THE BILLION DOLLAR BOLIVIAN CONNECTION

Call for probe into junta's drugs link

BY HUGH O'SHAUGHNESSY IN LONDON AND [illegible] HARGREAVES IN WASHINGTON

PRESSURE is building in the U.S. and the European Community for a full investigation of reports that Bolivia's new rulers are deeply involved in the international traffic in narcotics, which nets the country nearly $1bn (£420m) a year.

The U.S. is closing its anti-narcotics bureau in Bolivia and has withdrawn 40 of its diplomatic staff of 120 in La Paz, the Bolivian administrative capital.

In London yesterday the Foreign and Commonwealth Office said that plans for an ambitious £20m scheme to aid Comibol, the Bolivian state mining concern, had been cancelled in the light of the July 17 military coup. The scheme was Britain's largest aid project in Latin America.

The FCO added that Britain had been the first member of the EEC to express concern at the takeover by Gen. Luis Garcia Meza. The EEC has dropped discussions of economic co-operation with Bolivia and Belgium has halted a plan to loan Bolivia $3m (£1.28m). A question mark hangs over the voting intentions of EEC member countries on applications by the Garcia Meza government for aid from the World Bank and the IMF.

The FCO added that the coup in Bolivia had been condemned outright by the Nine and that Britain's own diplomatic relations with General Garcia Meza were being kept to a low level.

Washington, which fought hard in recent months to head off the threatened military coup and ensure that fair and effective elections were held in Bolivia, has stepped up its actions against Gen. Garcia Meza.

The U.S. State Department yesterday advised U.S. citizens not to travel to Bolivia. At least 18 Americans have been detained for varying periods of time since the coup.

Senator Dennis Deconcini, a Democrat from Arizona and an instigator of several anti-drugs efforts in the Western U.S., is calling for a full meeting of the Senate Appropriations Subcommittee for Foreign Affairs to assess the charges against the Government of Gen. Luis Garcia Meza.

Senator Deconcini said that "information from highly reliable" persons—believed to be in the U.S. anti-narcotics bureau and the State Department—had led him to believe that several serious charges could "on the whole be confirmed." These include:

- That narcotics traffickers in Santa Cruz helped finance the July 17 coup which put Gen. Garcia Meza in power.
- That the drug smugglers have continued to be a major source of financial support for the regime.
- That large payments have been made in person by Jose Abraham Baptista, a known drug trafficker, both to the General and to the commander of the garrison at Santa Cruz—Bolivia's second city.
- That two of Jose Abraham Baptista's relatives have been made officials in the Bolivian customs service.
- That Col. Luis Arce Gomez, the country's Minister of the Interior, has a longstanding connection with major drug traffickers and has been accused of using that position to undercut drug enforcement efforts.
- Col. Ariel Coca, the Minister of Education, was implicated in a 100 kilo cocaine seizure in Panama in 1979.

The State Department would not comment directly on any of these matters, but said the Bolivian anti-drugs officers had been withdrawn "because it is our feeling that a drug programme would not be fruitful in the current circumstances."

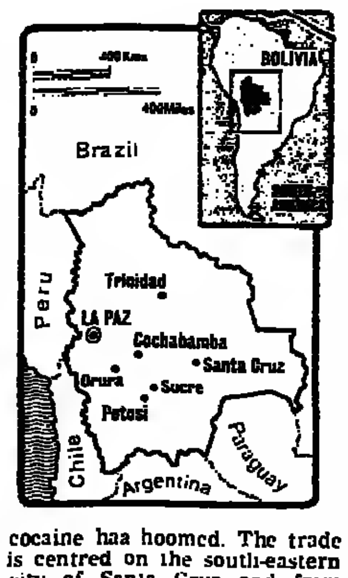
An official added that the department would co-operate fully with any hearings called by the Appropriations Committee. Another Government official commented that the people involved in the Garcia Meza government and the allegations were not unknown to drug enforcement officers. "What is new is their accession to power."

The U.S. Government has already suspended U.S. economic and military assistance to Bolivia. This, Senator Deconcini said, was "a sound response and should be continued until this and other questions are resolved."

The export of coca-based narcotics is now the principal source of export revenue for Bolivia, exceeding that from the country's traditional staple, tin.

Over the past decade however the processing of coca leaves into cocaine paste or refined cocaine has boomed. The trade is centred on the south-eastern city of Santa Cruz and from there is regularly dispatched to the narcotics connection in the U.S., often through Colombia or the Caribbean. A U.S. narcotics officer estimates that Bolivia produces 27,000 tons of coca leaves over and above its legitimate needs. Refined into 100 tons of pure cocaine this would earn $1bn in export income.

There is no doubt that senior military figures are closely involved in the export of narcotics which could not continue at its present high level without their ready co-operation.



FT journalist 'was threatened with death'

BY OUR FOREIGN STAFF

MARY HELEN SPOONER, the Financial Times correspondent held for six days by Bolivia's military government, was on her way back to her home base in Santiago, Chile, last night after describing the conditions under which she was detained.

Miss Spooner, who left La Paz, the Bolivian capital, for Lima, Peru, on Wednesday, accompanied by editorial executives of the Financial Times and the Economist, told Associated Press she had been held in a cupboard and "threatened with death and everything in between" by Col. Luis Arce Gomez, the Bolivian Interior Minister.

Miss Spooner, a U.S. citizen, was arrested on August 6 at her hotel in La Paz in a crackdown on the foreign Press by the Bolivian junta, which seized power in a coup on July 17.

Her release was negotiated by Mr. J. D. F. Jones, managing editor of the Financial Times, and Mr. Robert Harvey of The Economist.

Miss Spooner said two men from the Interior Ministry took her to the ministry building, where she was submitted to intensive interrogation in an attempt to find the sources of her reports to the Economist, which linked the Bolivian junta with the country's cocaine dealers. She had been accused by the junta of "defaming the country's leaders."

She was first questioned by a man she identified as the Chief of Special Operations.

"He delivered a very bitter diatribe about everything the United States had ever done in Bolivia," she said.

She said he made "a lot of threats. You know, all the usual threats . . . he riffled through my things, pulled out an article I'd written and he screamed and yelled."

Miss Spooner said she was taken to another room to make a statement and was warned by a lesser official that she should be careful because "as a woman there are certain things that can happen to you."

"I got called upstairs to the Interior Minister himself," she said. "He screamed and yelled. There were several officials and more threats. This went on for a few hours."

Asked what kind of threats were made, she replied: "Death and, you know, everything in between." Asked if the death threat came from the Minister himself, she responded: "Yes."

Miss Spooner said the Ministry officials tried to get her to disclose her sources. After she returned to the room where the man was taking her statement, the Chief of Special Operations, who she did not identify by name, came in and threatened her with a gun.

She said about 4 am they allowed her to sleep on a mat on the floor surrounded by chairs. She was given blankets.

"I went to sleep and the next day they put me in a closet for six days, a fourfoot by four-foot closet," she said.

Miss Spooner said they let her out of the closet only to eat and to go to the bathroom. The closet had four panels of glass, which were painted over, but a little sun came in through some cracks.

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Brazil and Argentina to strengthen nuclear accord

BY DIANA SMITH IN BRASILIA

BRAZIL and Argentina are to supplement their basic agreement on co-operation in the development and application of peaceful uses of nuclear technology originally signed in May this year.

Supplementary documents will be presented for signature during the state visit to Brazil from August 19 to 22 by President Jorge Rafael Videla of Argentina.

It is understood that the documents may cover the supply of 240 tonnes of raw uranium by Argentina to Brazil, for use in Brazil's first nuclear reactor in Angra Dos Reis. This is due to start up in 1981, and has been equipped by Westinghouse of the U.S.

The Nuclear co-operation agreement signed in May is comprehensive, covering joint research, development and technology for nuclear power plant.

It also covers co-operation in the nuclear fuel cycle, including prospecting and mining of nuclear minerals and the manufacture of fuel elements.

Rail price immunity scrapped

By Paul Betts in New York

THE INTERSTATE Commerce Commission (ICC), an independent U.S. government agency, has removed the anti-trust immunity which allowed railways to price their services collectively in a move to increase competitiveness in the industry.

The commission justified its action in scrapping the 1948 anti-trust immunity on the grounds that collective rates stifled competition.

The surprise ruling has disturbed the industry which claims that the move could have negative effects as long as railways were still bound by federal price controls. These, the industry claims, mean that there is not the flexibility to remain competitive.

Industry members may seek a federal court review of the ruling unless Congress finally passes a long-awaited Bill to remove price controls and allow railways the same competitive conditions permitted to other industrial sectors.

The unexpected ruling was also seen as an attempt by the agency to speed the introduction of legislation aimed at the so-called "deregulation" of railways.

A Bill for the deregulation of railways is bogged down in Congress as opponents of the legislation have introduced a key amendment significantly limiting the railway's freedom to increase rates for carrying coal, their main freight.

The ICC ruling could stimulate the railway lobby in Congress to attempt to get the new Bill through without the controversial amendment.

There appears to be broad consensus that U.S. industry as a whole would prefer to have changes in railway regulations introduced by federal legislation rather than by the administrative intervention of the commission.

The ruling is also widely seen as another chapter in the Carter Administration's battle to abolish price controls on U.S. industry to make it more competitive.

When the ICC started to deregulate the U.S. trucking industry on its own last year, a move to get legislation through Congress gained momentum and a Bill was approved earlier this summer.

Sugar-coated message from proud Carter

BY DAVID BUCHAN IN NEW YORK

"I WILL proudly run on the platform of the Democratic Party," President Jimmy Carter told delegates on Wednesday night in his formal comment on the policy statement agreed by the Democratic convention in New York.

In a markedly conciliatory message just before his nomination, Mr. Carter did not flatly repudiate the public spending job-creation programme pushed through by the forces of Senator Edward Kennedy. Instead, he expressed a few sugar-coated reservations.

It mollified the Massachusetts Senator to the extent that he at last pronounced his endorsement of Mr. Carter as the nominee. It also won important acceptance from leaders of the AFL-CIO union federation, whose many members spread around the state delegations helped to defeat the President earlier in the week. While "enthusiastically endorsing" the goal put forward by Senator Kennedy, the President reminded delegates he could not be tied down by the party's policy platform, and needed some freedom of manoeuvre.

Backed

Mr. Carter reserved his position on two key economic planks of lengthy platform document. First, he said, he naturally backed the aim of bringing down unemployment—but could not accept the $12bn in public spending proposed to create 800,000 additional jobs. "The amount needed to achieve our goal will necessarily depend upon economic conditions, what can be effectively applied over time, and the appropriate concurrence by Congress," the President said.

Second, the President reminded his party that "We must make it clear that to achieve full employment we must also be successful in our fight against inflation." The President is aware that Republicans would exploit and financial markets at home and abroad might take alarm at any abandoning of the Administration's counter-inflation commitment.

In pursuit of party unity, Mr. Carter is sure to stress in his speech accepting the nomination that he has taken on board the recession and unemployment anxieties of delegates—of whom some 1,100 still cast their ballots on Wednesday night for the now non-existent candidacy of Senator Kennedy. But the test will come when the Administration unveils its own economic recovery programme, perhaps as early as next week.

Mr. Carter skated comfortably through energy issues in the platform debate. A sop to the Kennedy camp was approval of a moratorium on oil companies' buying coal or solar energy companies. However, the Administration beat an attempt to remove special tax treatments for oil companies. This would have hit chiefly small, independent operators—whose support in Texas, Louisiana and Oklahoma is felt to be essential for preventing Mr. Ronald Reagan and the Republicans from gaining in the south-west.

Equally important, the Administration squashed an effort to limit petrol price increases caused by government taxes. Mr. Carter's oil import fee was crushingly defeated in Congress last May, but he has promised in a second term to propose instead a direct petrol excise tax increase to curb consumption.

Foreign-policy debate was minimal this week: Iran, for instance, went unmentioned. Mr. Carter defeated anti-nuclear motions calling for a freeze on new weapons testing and for a halt in the mobile MX nuclear missile programme.

Message

Mr. Carter offered re-assurance to Senator Kennedy's numerous Jewish supporters. "Unlike the policy of previous Republican administrations, there have been no arms cut-off, or re-assessment of policy (towards Israel), nor will there be under a Carter Presidency," his message to delegates read. The comment was interesting because of the widespread assumption that, if Mr. Carter wants during a second White House term to build on his Camp David peace achievements, he will have to take a tougher line with Israel to make concessions.

ENERGY REVIEW: INDIA

BY PEARL MARSHALL

Prospects for the major oil companies

INDIA'S CALL for help from Western firms last week in its urgent search for more oil both onshore and offshore has generated a good deal of interest among the international majors, with both Occidental Petroleum and Amoco representatives flying into New Delhi this week for talks.

At least seven British, French, Mexican and American oil companies have been informally examining the possibilities of concessions with India during the past six months while Government officials tried to make up their minds about Western involvement. The companies include Phillips Petroleum, British Petroleum, CIE, Francaise des Petroles (CFP), Sell, and Construcciones Protexa of Mexico.

Occidental Petroleum is described by Indian Petroleum Ministry sources as having only an "indirect interest" in the prospects.

The Norwegians have also talked about oil development. "They have offered all sorts of assistance and co-operation, although they have not shown an interest in taking a block," Mr. Veerendra Patil, the Petroleum Minister, told the Financial Times.

The biggest question mark at the moment is just how insistent Indian will be about buying back at prevailing international prices the entire quantity of any oil found until the country reaches self-sufficiency. At least two companies have made it plain that they would like to take a share of oil out of the country for use in their own refineries. "We are looking to build up long-term sources of oil," says one.

It is also a moot point whether India will actually achieve self-sufficiency in oil. Imports of 16.22m metric tons of crude and 4.49m metric tons of refined products accounted for more than two-thirds of the country's total petroleum requiremtns of 30m metric tons last year.

By 1984, the country's crude oil requirements could be as high as 43m metric tons with requirements for 6.8m metric tons of refined products. But production from indigenous sources at current rates of growth will only reach 22m metric tons, the gap of 21m metric tons having to be met through imports.

This would be a serious burden on valuable foreign exchange resources, says Mr. Patil. Dependence on outside sources could only be reduced by exploring and producing more oil and gas "in the shortest possible time on a priority basis and with the assistance of foreign collaboration."

MR. WEERENDRA PATIL
India's Petroleum Minister

The staggering increase in India's oil import bill has alarmed Government officials. It is this more than anything else that has forced them to give the green light to the idea of Western tie-ups. This year's crude oil and refined product import bill is likely to exceed $7bn, $2.3bn more than last year, and equal to more than 80 per cent of India's anticipated export earnings.

Yet the country has many other products it desperately needs to import including massive amounts of fertilisers as well as steel, coking coal, aluminium and edible oils.

To those who view the decision of foreign tie-ups as a major policy change from the strict Indian doctrine of doing everything it can do itself indigenously, government sources argue that, as a matter of fact, current policy on foreign collaboration is particularly permissive when it comes to technically sophisticated areas.

Certainly it is nothing new in oil exploration. Foreign collaboration has been there for a long time in onshore drilling. Earlier this year India signed a protocol agreement with the Soviet Union for drilling two wells in the Northeaster state of Tripura. Drilling was to start in October, but work may be delayed because of political unrest in the region.

The Soviets have also agreed to carry out survey work in West Bengal. "In fact we have had protocols with the Russians for a large number of years," says Mr. Patil. "They started advising and helping us from the very inception of the Oil and Natural Gas Commission, (ONGC) India's government-run exploration and development agency."

It was a Soviet survey vessel that first identified the anomaly which subsequently led to India's biggest oil find—Bombay High, 160 km offshore from Bombay, in 1974. Last year Bombay High produced 4.422m metric tons of crude. Steps are now under way to increase Bombay High's production from the current rate of around 100,000 b/d. to 140,000 b/d by the end of November, 180,000 b/d in 1981-82 and 240,000 b/d by end 1982-83.

Western companies have also tried their hand in Indian oil exploration in the past; but met with little success.

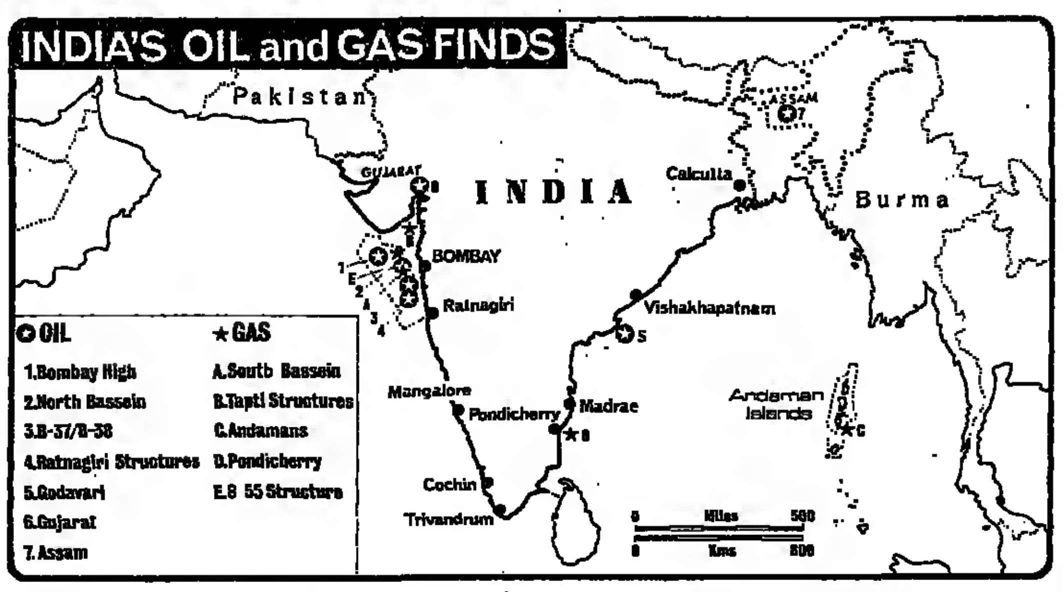
Two American consortia—the Natomas-Carlsberg group and Reading and Bates—and the Asamera group of Canada responded to Indian offers to explore for oil on an Indonesian-type production sharing basis with ONGC in the early 1970s. But India was apparently disappointed at some of their efforts.

Natomas drilled two wells in a 28,280 sq kms concession in the Bay of Bengal and the other two groups drilled one well each—Reading and Bates in 1975 in the Kutch Basin in the Arabian Sea and Asamera in the Cauvery Basin. Then the groups pulled out.

'They will look for plenty of resources and expertise'

"ONGC was reasonably happy with Natomas but disappointed with the other groups because it thought this was not an adequate enough effort to prove the presence or non-presence of oil," says a Western oil expert. "They hoped the companies would stay to spud more. I guess the shareholders decided it wasn't worth sticking around. They could not afford to risk the capital."

The Commission felt justified in its views earlier this year when it discovered gas in the Cauvery Basin, where Asamera had worked. The gas is at the Porto Novo offshore site near Pondicherry, Tamil Nadu. Preliminary tests of the oil-bearing strata have yielded a daily gas flow rate of 68,000 cubic metres.



This initial experience with foreign groups will certainly influence India's choice of companies as it invites Westerners back in. "They are going to look for majors with plenty of resources and technical expertise to carry out an acceptable work programme," says New Delhi sources. ONGC is expected to spell out the work programme in definite terms, possibly a programme that requires at least three wells to be drilled over a two-year period.

But the actual programme and its time frame, the size of the concession areas and conditions for production sharing arrangements are still to be firmed up by a newly formed committee under the chairmanship of Mr. B. B. Vohra, the Petroleum Ministry secretary. The committee held its first two meetings this month.

"It's going to take several more weeks to hammer out its policies, so it would be a little premature for companies to come here now," says one informant.

The committee has asked companies to declare their interest by September 15. It will then study their technical and financial capabilities, prepare a shortlist and request bids.

CFP is said already to have its foot in the door because of its long-time involvement in India's oil industry, and normally reliable industrial sources say the company has been offered a concession.

CFP has been helping to optimise development of Bombay High under a four-year $17.4m consultancy contract signed in April, 1977. Another French firm, CFEM, is building a cantilever type drilling rig for ONGC which is due around March, 1981.

Foreign companies will also be seeing increased opportunities for carrying out drilling work on a contract basis. Oil India, for example, India's other and smaller oil exploration and development company which is jointly owned by the Government of India and the Burmah Oil Company, has been allowed to expand its programme. It had originally been confined to a small area in the north-east.

This year it has spudded two wells in its first offshore concession, the Mahanadi Basin, an area of about 12,000 sq km off the east coast. It has also been granted an adjoining onshore area.

But Oil India is a small company with stretched resources, so it is currently seeking to contract for seismic work in this onshore concession to be followed by a six-well exploration programme entailing 21,000 metres of drilling by 1983-84. It has also recently been granted another concession in Western Rajasthan.

So far ONGC's exploratory work has established oil reserves in five areas along the western and eastern coasts of India and these areas are therefore not expected to be open to foreign participation. They are: 1, Bombay High. 2, North Bassein. 3, B-38 and B-37, south-east of Bombay High. 4, the three Ratnagiri structures R-12, R-9 and R-7. 5, Godavari.

Of these, R-12 is expected to be in production by 1982 using a single buoy mooring system. Its capability is reported to be about 20,000 b/d, but the potential could be higher.

The Godavari find this year—the first discovery of commercial importance in the Bay of Bengal—is described as "possibly another Bombay High" by Mr. Patil, although he underlines the fact that additional assessment wells will be necessary to evaluate its true commercial importance.

Gas reserves have been established at South Bassein, B-55 (north of South Bassein), Tapti in the Gulf of Cambay, the Andaman Islands, and offshore Pondicherry.

On oil production, India produced 11.8m metric tons crude last year, roughly one-third from Bombay High and the rest from oil fields in Assam and Gujarat, where some of the original exploratory work was carried out with British and Soviet assistance respectively.

Total oil production currently is running at the rate of around 10m metric tons a year because of the continuing disturbances in Assam. Total crude loss from the Assam oild fields for the first six months of this year was close to 2m tons.

ONGC has outlined a $3.75bn exploratory and development programme for itself for 1980-1985. This calls for 95 exploratory wells and 200 development wells offshore and 250 exploratory wells and 300 development wells onshore.

Saudi Arabia infuriated by Israel's Jerusalem stand

BY JAMES BUCHAN

SAUDI ARABIA's statement that the latest Israeli declaration of the unity of Jerusalem has made moderate Arab policies futile, is the clearest yet of the Kingdom's mounting frustration with the Camp David framework for a Middle East settlement.

It is clear that Crown Prince Fahd now believes that what little chance the U.S. and Egypt had of progress has quite evaporated in the face of Israel's insistence that it will not negotiate over Jerusalem.

"What use has moderation been?" Prince Fahd told the Saudi Press Agency. "Is this the West's concept of a just peace? Where is the framework for a comprehensive peace?"

At the same time, Prince Fahd held out the most explicit and gracious offer yet for President Sadat to return to the Arab mainstream. "Those still betting on Palestine autonomy," he said, "must take a dignified stand, admit failure and courageously retreat from whatever has happened."

But Mr. Fuad Mohieddin, the senior Egyptian deputy premier, said yesterday that Egypt has "its own true Arab line which we have been following since 1973."

Prince Fahd's statement of frustration, which is particularly directed at the U.S., is of greater significance than his call for Jihad against Israel in pursuit of an independent

Crown Prince Fahd
"What use has moderation been."

Palestine state with Jerusalem as its capital.

The call for Jihad is part of the Kingdom's rhetorical stock-in-trade and the Israeli Foreign Ministry treated it as such.

The return of the shrines of East Jerusalem to Moslem hands has been the focus of Saudi policy since their occupation by Israel in 1967. As custodian of the two holiest moslem places of worship — Mecca and Medina — Saudi Arabia has long considered itself responsible to the Moslem world for Jerusalem.

Fahd's statement is a bold bid to regain moral authority that has been undermined both by the internal disorder in the Kingdom last winter and the lack of progress over a settlement.

Iraq and the Kingdom last week issued a joint statement that they would cut "diplomatic and economic relations" with any country recognising Jerusalem as the Israeli capital, and 11 other Arab countries have since joined them. The Arab states intend to table a resolution at the United Nations later this week to condemn the Israeli action.

At the very least, Prince Fahd's statement is a clear indication to the U.S. of the effect a veto might produce. For the immediate future, Saudi Arabia will be obliged to distance itself from the U.S. and the West.

The U.S. is now likely to find the Kingdom considerably less accommodating over such issues as maintaining high oil production, and moderating the mainstream Arab response to the peace talks.

Charles Batchelor reports from Amsterdam: The Dutch Government has delayed sending a new Ambassador to Israel because of growing resistance from Arab countries to the presence of the Dutch Embassy in Jerusalem.

Iran keeps Kremlin at arm's length

By Patrick Cockburn in Tehran

SINCE the fall of the Shah, Western Governments have waited with trepidation for signs of a closer accord between Moscow and Tehran. In simplistic nightmares, and with the use of a full-scale map, some could dimly perceive a future in which Russian tanks advancing to the Iranian oilfields would dominate the waters of the Gulf.

So far there is little sign of it. The foreign policy of the Islamic Republic, in so far as it exists, is summed up by the slogan "Neither East, nor West."

Hostility towards the U.S. even after the diplomats were taken hostage last November has not been balanced by any increased friendliness towards Moscow.

To oppose the might of the superpowers, and the Governments of neighbouring states, Ayatollah Khomeini has emphasised over the past few weeks that the sort of Islamic populism which overthrew the Shah is a more potent weapon than diplomatic alliances. Headlines suggesting that relations between Iran and the Soviet Union are getting cooler tends to mislead, since at the best of times they were always frosty. With typical bravado Mr. Sadeq Qotbzadeh this week enlivened what are probably his last days as Foreign Minister by making a vitriolic attack on the Soviet Union.

Responding to a private memorandum from Mr. Andrei Gromyko, Soviet Foreign Minister, he detailed a litany of Soviet "sins" and demanded everything from a Russian withdrawal from Afghanistan to an end to its support for the Iranian Communist Party.

To this the Soviets are likely to respond with half-suppressed irritation. So far they have given little in the way of diplomatic or economic assistance. Ayatollah Khomeini's appeal for an end to supplies of Soviet military equipment to Iraq have met with no response.

Genuine anger

Moscow has not concealed its anger at the cut-off of Iranian gas supplies which were to be used to pay for Russian industrial projects such as the Isfahan steel mill expansion.

The invasion of Afghanistan has produced curiously mixed feelings in Tehran.

On the one hand there is the genuine and universal anger at the overrunning of a Moslem country by a great power: on the other, Iran has been circumspect in its offers of assistance to the Afghan rebels.

Practical experience of the rebels has not proved happy. In the past Iranians have tended to regard Afghans as something of a lesser breed.

There is also some hesitation in Tehran about taking too seriously the possibility of the Iranian revolution having a very significant impact among the Moslem population of the Soviet Republic adjacent to the border with Iran.

Mr. Qotbzadeh's demand that Iran be allowed to open a consulate in Dushanbe in Tadzhikistan to replace the one in Leningrad is perhaps partly made in the knowledge it will irritate Moscow. There has never been much evidence that the Islamic revolution has unsettled Soviet Moslems. Indeed where ethnic groups such as the Azerbaijani and Turkomans straddle the border, the influence tends to be the other way.

The dominance the clergy has assumed in the Persian heartland around Tehran and to the south has been particularly ill-received among the northern minority and the Caspian coast provinces. The inhabitants are unlikely to prove enthusiastic propagandists for the Islamic Republic amongst the Soviet Azerbaijani and Turkomans.

BUSINESS GIVES LOW PRIORITY TO GRIEVANCES

Violence grips South Africa

BY BERNARD SIMON IN JOHANNESBURG

RACIAL VIOLENCE has become almost commonplace in South Africa. Three motorists were killed last week when their vehicles were burnt by Cape Town mobs. Police killed a suspected arsonist. Schools were burnt down in Somerset East, a few hundred miles north of Port Elizabeth, and police used dogs and canes against hundreds of black schoolchildren boycotting classes in the Northern Cape city of Kimberley.

Hardly a day has gone by in the past three months without acts of violence like these. In addition, white-owned businesses have been hit by the most serious strikes in recent history.

However, for the average white businessman not directly affected by industrial action, the unrest has been overshadowed by the problems of long delivery delays, shortages of skilled labour and rising costs.

The recent strike by black municipal workers—just one fact of South Africa's racial confrontation. Yesterday, Mr. Joseph Mavi, the detained strike leader, was charged with sabotage.

With the South African economy likely to grow by around 6 per cent in real terms this year, blacks' political grievances have a low priority for most businessmen. Mr. Tony Heard, editor of the Cape Times, said: "People haven't cottoned on to the significance of the unrest."

One reason is that, in purely physical terms, most whites have little idea of what is happening in the black townships.

The one exception is Cape Town, which has borne the brunt of this year's violence. Several recent incidents have taken place on the airport highway which cuts through coloured housing estates. The crossroads squatter camp, scene of this week's killings, adjoins the airport.

Since Mr. P. W. Botha, the Prime Minister, instructed the state-controlled radio and television service earlier this year not to give prominence to the views and actions of "subversive" elements, radio and television coverage of the unrest has been minimal, usually consisting of little more than reassuring statements by police officers and Cabinet Ministers.

There is no doubt that since the widespread unrest in Soweto and other black urban areas in 1976-77, businessmen in South Africa have come to expect a certain level of violence.

Mr. Merton Dagut, chief economist of Nedbank, noted: "There is a level of physical violence to which a system becomes accustomed. Attacks on police stations and urban and rural unrest are all part of the picture now. One would need more than that to shake businessmen's confidence.

White South Africans, like their counterparts in Rhodesia during the bush war, firmly believe the situation here is no worse than in many other parts of the world, and that newspaper reports of the violence are exaggerated.

Several leading businessmen have warned recently that a slowing of the political momentum generated last year could have serious consequences. Cape Town industrialists, in particular, have questioned the wisdom of the present police crackdown on "private" taxis which are helping local black commuters to maintain a ten-week boycott of local bus services. They concede that the police action is contributing to the rapid politicisation of the local black and coloured community.

More serious is the comment by a Western diplomat that several companies have experienced an increasing number of inexplicable plant and machinery 'breakdowns." There are signs, particularly in the Western Cape, that recent tension has adversely affected workers' productivity and reliability.

Despite the high growth rate and the lack of spare capacity in many industries, foreign investment appears to be slowing down. According to bankers, applications for financial rand, the cheap investment currency through which funds for new capital projects are channelled, have dropped to a trickle, despite the current discount of 38 per cent to the commercial exchange rate, the highest in 18 months. "I find it puzzling that there has not been more investment from abroad," one foreign exchange expert said.

The current violence is unlikely to have a significant effect on the overall economic outlook. The danger is that, amid signs that Mr. Botha's resolve to accelerate the pace of change has weakened, more disruptive disturbances may lie ahead.

Iran moves to strengthen industrial ties with India

BY K. K. SHARMA IN NEW DELHI

THE POSSIBILITY of industrial collaboration between Iran and India is emerging as a result of recent bilateral talks in New Delhi in which Iranian officials submitted a long list of projects requiring development.

At the top of the list is a 60,000 tonne alloy steel plant which originally was to have been built by a French company, the contract for which Iran has now scrapped. The plant has now been offered to India on the basis of Indian technology.

Also envisaged is Indian help for setting up a number of industrial estates in Iran for the manufacture of a wide range of goods by small production units. If deals are concluded satisfactorily, India will be helping Iran to make machine tools, diesel generating sets, water heaters, injection machines, foundries, bicycles, high voltage transformers, electronic items, cables and wires, electric lamps and other industrial products.

The most recent round of talks on Indian investment in Iran took place last week between Mr. Syad Ali Sadaribour, the Deputy Minister of Social Affairs, representing the Iran steel industry, and India's Ministries of Heavy Industry, and of Commerce, and the Association of Indian Engineering Industry.

An Engineering mission is to leave for Tehran next week for further talks on industrial collaboration. A trade mission has just returned from Iran after concluding deals worth approximately Rs260m (£14.2m) and initiating talks on more. Indian officials say these could lead to contracts for several hundred million pounds.

Iran has said it wants Indian companies to take up many of the projects abandoned by the West and that it wants Indo-Iranian economic relations to be established on a permanent basis. An Indian bank is being used for payments due to Iran as part of Tehran's strategy to prevent funds being blocked in the West.

One major Indo-Iranian problem to be settled is the Kudremukh iron ore project in the southern state of Karnataka. This was initiated by the late Shah who promised a credit of $630m for the project in return for assured supplies of iron ore concentrates.

Iran has failed to pay about $450m owed to India in the past year. It has also said that it cannot accept the iron ore concentrates because the steel plants that they were meant for are not ready.

Call for more Third World help

BY ROGER BOYES IN BONN

HERR WALTER SCHEEL, former President of West Germany, yesterday strongly urged West German concerns to co-operate with oil-producing countries in stepping up private investment in the Third World.

The call exposes a particularly vulnerable point in Germany's aid efforts, coming as it does only 11 days before the United Nations holds a special assembly to discuss north-south affairs and international aid strategies.

Although in absolute terms, West Germany is the third most generous official aid contributor among the Western industrialised countries (after the U.S. and France), aid comprises only 0.44 per cent of its gross national product. This is considerably less than Denmark, Norway, Britain, France and several other states.

Bonn, however, has consistently argued that German private capital flows to the Third World more than made up for this, pushing German financial involvement in the Third World to well over 1 per cent of GNP. Speeches by Herr Scheel, who has taken over as chairman of the Deutsche Entwicklungs Gesellschaft (a state-owned body which seeks to foster private investment in the Third World), and other senior executives made clear that German private investment was seriously stagnating. Only 14 per cent of all German direct investment went to developing countries in 1979 compared to 36 per cent in 1976. And this came at a time when overall direct investment abroad reached the record level of DM 7.8bn.

The main problems, it seems are lack of confidence, the heightened political Third World involvement and simple lack of capital. Herr Scheel thus argued that German concerns—through the medium of DEG—should offer their experience to OPEC countries and make use of the surplus oil funds to invest directly in Third World projects.

UK tightens clothing scrutiny

BY JAMES McDONALD

CLOTHING manufacturers in Britain and in other EEC countries are becoming increasingly concerned over the way in which imported goods are evading in growing volume import quotas under the Multi-Fibre Arrangement (MFA).

Although hard evidence is difficult to obtain in many cases, the EEC Commission has been sufficiently convinced that quota evasion is taking place, and probably on a widespread scale, to have issued a draft regulation on the subject. In Britain, while other Departments are cutting back on staffs as part of the Government's blanket economy measures, HM Customs has expanded its admittedly under-staffed investigation team to deal with this problem.

One scheme which has come to light is the import into this country of jeans, masquerading as "bolero suits" and, therefore, admitted here under another clothing category after the jeans quota has been filled.

The bolero jacket is of unfinished cloth, and is really a throw-away item with little more value than the cloth involved, but a Manchester retailer who bought the suit said that the jeans trouser were "very good value."

The National Union of Tailors and Garment Workers has asked Mr. John Nott, the Trade Secretary, to investigate not only this particular case but "growing evidence of fraud and misrepresentation in trade in clothing." Mr. Alec Smith, the union's general secretary, points out that over 20,000 jobs have been lost in the UK clothing industry since last September and that the increasing growth of low-cost imports is capable of long-term damage to the industry.

Imported jeans account for about 70 per cent of the 40m pairs sold each year in this country, and a union official pointed out yesterday that two jeans factories in Scotland had had to close down recently.

A Clothing Manufacturers' Federation said that jeans import quotas were always heavily under pressure and that "every trick in the book" was used to avoid quotas.

Volvo in £5.5m Jakarta bus deal

VOLVO TRUCKS (GB) yesterday announced its largest ever bus export order—a £5.5m contract for 100 double-decker buses for Indonesia. While the order will help safeguard the 420 jobs at the Irvine, Ayrshire, Volvo plant, the company said yesterday that "unless the market situation changes, we will be forced to go on a three-day week after the September holiday."

It expects to return to a full week early next year when production starts on the order for the Jakarta Public Transport Authority. The company hopes that, with the help of Government compensation, workers would lose only between £1 and £3 a week on their basic wage.

The Volvo Ailsa was designed in Scotland and 95 per cent of its components are produced in the UK. A Scottish company, Walter Alexander Falkirk, will supply the body work.

Volvo also announced yesterday its intention to purchase for £125m components from about 300 British companies this year for all of their UK operations. Volvo Trucks (GB) expects to produce 1,400 trucks and buses in Britain this year. The Irvine plant is working on a major order for about 200 specially designed F12 trucks for use on Switzerland's narrow, mountainous roads.

Scottish mission to U.S.

BY RAY PERMAN, SCOTTISH CORRESPONDENT

A "SELL SCOTLAND" mission to promote tourism and exports, and to look for sources of industrial investment, is being planned for the southern states of America in October.

The venture, jointly organised by the Scottish Development Agency, the Scottish Council for Development and Industry, and the Scottish Tourist Board, is the first attempt to combine different types of overseas promotion in a single trip.

The party of over 120 people, including representatives from local authorities, 30 manufacturing and service companies, hotel and tour operators, will visit Houston, Atlanta, and St. Louis.

Testing Egypt's open door policy

By Alan Mackie in Cairo

AFTER six years, President Sadat's open door economic policy is poised between success in luring in such big names as Michelin, Volkswagen, General Motors and Klockner Humboldt Deutz in the automotive industry alone, and between general reluctance by foreign and local investors to take up the special tax holidays and other incentives on offer.

Balanced against the terms which have brought Michelin, considered to be one of the most astute private enterprises in the world, to acquire a plant site, must be set the familiar difficulties of doing business in Egypt.

Other household names seriously interested in setting up in Egypt are Roneo Vickers, International Paints, Hoover and Rothmans.

But there are several general reasons for the hesitancy. Protracted negotiating schedules make it easier for things to go wrong and for all sides to have second thoughts. Iran has damaged long-term confidence in the region among those companies that require a base in the region from which to conduct their business. Last year's Arab boycott following the signing of the peace treaty gave the waverers another excuse to hold back even though the boycott has had little overall impact.

Then the hiatus of last May's Government changes and the economic package, especially the increased tariffs on raw materials and the deposit requirements to open letters of credit, has given the waverers pause to think again.

But the main reason for foreign hesitancy, however, is that the conduct of business in Egypt has not become easier.

For instance, one promoter, having set up a deal to build an hotel club, found at the last minute that he had to have the project approved by the Ministry of Youth and Sports. A whole financial package had to be reworked.

Those negotiating with the public sector are particularly vulnerable. Thomson Brandt recently called off a washing machine and refrigerator manufacturing project almost at the starting point after the People's Assembly objected to the book evaluations of plant and land.

But if the problems of negotiating are nerve-wracking they are nothing compared with the problems of operating a plant.

Concessions, like access to parallel market funds, duty exemptions on plant or market protection during the startup period (which the authorities freely gave to the Pioneer Investors) count for little and have to be renegotiated when the plant starts operating. Wilkinson, the first industrial joint venture with a public sector company, has been dealt a body blow by wholesale razor blade smuggling. The company was hoping this year, its second full year of operation, to make a small profit, but is riding a E£500,000 (£303,000) loss.

But there have been some honourable exceptions. Bonna and Socea, an affiliate of Pont a Mousson, has established a prestressed concrete pipe joint venture in the new city of Tenth of Ramadan. Wilkinson, Union Carbide and Colgate Palmolive have all set up plants in Alexandria while Squibb has a plant operating near Cairo and British Chloride is in the process of building one.

At long last also a few land reclamation and agro-industrial projects are slowly materialising. Creusot Loire is setting up a canning factory in the Delta, Fives Gail Babcock is developing a sugar beet project also in the Delta, while a British consortium headed by Guinness Peat and Morgan Grenfell is putting together a similar project in Tahrir Province on reclaimed land to the west of the Delta.

Yet foreign capital has not provided the impetus to industrial development that could have been reasonably expected of it by now. For it has tended to look for payback over a two to three-year period rather than see itself invested in the sort of project which would be of more permanent benefit to Egypt's economy but which would produce returns over seven or eight years.

In the end there are doubts whether President Sadat will stick with the "open door" policy when the going gets rough. The customs tariffs cuts on finished goods and other measures announced in May have scared and depressed many. There are still too many untested areas of Egyptian law for the potential investor not to feel that he will be locked into a situation where he will be the fall guy if things go wrong.

David Dodwell reports on the need for Britain and China to reach agreement on the future of the New Territories

Hong Kong fears for the day the lease runs out

HONG KONG's business and political leaders are moving towards a consensus that their future must be resolved within the next three years. The greater part of the colony, 90 per cent of its 400 square miles, is due to revert to Chinese rule on July 1, 1997, under a treaty which the Communist Government in Peking has never recognised.

The loss of the New Territories, ceded to Britain on a 99-year lease at the Convention of Peking in 1898, would create formidable problems. Much of the rapid industrial expansion has taken place there, and new towns in the New Territories, like Tsuen Wan, Tuen Mun and Sha Tin, will soon be housing 2.5m people.

Apart from worries over what will happen if capitalist Hong Kong is made subject to Communist Peking, practical and legal problems are bearing down on the colony.

Major investments — like plans for a new airport—will soon be impossible, as the Hong Kong authorities will be unable to finance them over such a short repayment period.

Investment in manufacturing industry, both from abroad and locally, will dry up as investors calculate they will not be able to recoup profits without guarantees that the status quo will be maintained into the 21st century.

Still more important—and this is what makes 1982 so significant a deadline—banks and the housing authorities will no longer be able to offer borrowers the usual 15-year repayment terms on loans and mortgages after June 30, 1982.

The people of Hong Kong seem to be alone in wanting their future resolved as soon as possible. They know the colony's phenomenal economic growth over the past two decades is the direct result of international confidence, that once its free-wheeling capitalist style was jeopardised, the bubble would burst.

Whitehall insists that any long-term initiative has to come from Peking—Britain no longer has either the power or the inclination to impose its will.

At the same time, it has become clear that Peking sees the legal dilemma which crystallises in 1982 as a purely British problem. Whitehall thus finds itself expected to resolve the legal conundrum, while knowing full well that the needed changes in Hong Kong's status can be tackled only by Peking.

For now, the British Government seems prepared to play down the issue, but by this time next year the anxiety will be manifest unless some progress is made. For this reason, regular high-level diplomatic and official contacts can be expected in the year ahead—and initiatives can be expected very soon.

China, for its part, has no intention of agreeing to renew a lease it finds ideologically repugnant. Peking, with 1bn people already under its care, and momentous modernisation problems, seems unwilling to be distracted by the status of 5.5m people living on borrowed land.

In essence, the problem is purely legal: the threat of a Communist take-over in Hong Kong is more distant now than at practically any other time since 1949. Hong Kong may still be an affront to Chinese prestige, a blot on the Communist Government's ideological purity and a security threat, but for numerous — sometimes quirky — reasons of its own, Peking is keener now than it has ever been to see capitalist Hong Kong prosper.

Economic interdependence is crucial. China's foreign exchange earnings from Hong Kong are $4bn a year and rising. Hong Kong can be a catalyst for development of the neighbouring provinces of Guangdong and Fujien. It provides expertise for China's modernisation plans, and offers a shop window for a whole range of Western technology.

Hong Kong relies on China for almost all its food, and in future will rely increasingly heavily on cheap Chinese labour as businessmen strive to maintain price-competitiveness for their export products.

Since a visit to Peking by Sir Murray MacLehose, Hong Kong's Governor, in May last year, officials and businessmen have streamed to and fro. Chinese investment in the colony has flourished, ranging from major ventures like the multi-billion dollar China Light and Power thermal power station down to property purchases.

This in part explains why China has never bothered to over-run Hong Kong. It could have done so at will at any time during the past 30 years. In other circumstances it has not been slow in using military force—witness Korea in 1950,

India in 1962 and Vietnam in 1979. But it has chosen to leave this tiny British colony alone, and there is no sign that its leaders are inclined to do otherwise into the future. Senior Chinese Vice-Premier Mr. Deng Xiaoping, China's senior Vice-Premier, has repeatedly told Hong Kong businessmen: "Let your hearts rest at ease." And until now this has provided assurance enough.

But by 1982, comforting words will no longer be enough. Businessmen seem set on winning firmer, legally binding, guarantees. Neither China nor Britain seems geared for such prompt action (both insist there are no discussions in progress. And Mr. James Callaghan, former British Prime Minister, revealed in May after talks in Peking that the Chinese Government had the matter "on the back burner" and advised the Hong Kong authorities to do likewise.)

Nevertheless, a path seems to be emerging through the maze of legal niceties. The idea has been put most succinctly by Mr. Jimmy McGregor, director of the Hong Kong Chamber of Commerce: "If Britain repudiated the leases as illegal and improper, and as a quid pro quo the Chinese recognised Britain's magnanimity and friendliness, simultaneously agreeing that Britain should be allowed to administer Hong Kong until the matter could be permanently resolved, say in 2020, then we would have no reason to worry."

This is tightrope diplomacy, fraught with dangers, but it offers perhaps the only formula acceptable to all parties.

Britain would have washed its hands of a colonial anomaly, Chinese dignity and concern over sovereignty would have been mollified, and the confidence necessary to make sure Hong Kong keeps on laying its golden eggs will have been guaranteed into the 21st century.

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Hambros studies Cadbury vote

BY ARTHUR SANDLES

HAMBROS BANK is exploring ways of disposing of Mr. Peter Cadbury's voting shareholding in Westward Television.

Mr. Cadbury, sacked as chairman by the Westward Board, has until early next week to respond to demands for assurances over the use of his votes—without these promises tha company will take the shares from him.

Hambros has been called in by Westward as financial advisers. Any share deal would have to be approved by the Independent Broadcasting Authority.

So unusual is the clause In Westward's articles of association, which allows the board to "transfer" the shares of any shareholder if—in the view of the board—that shareholder is endangering the company's ITV franchise by his activities, that the form tha transfer will take is a matter for considerable discussion.

The board has asked that Mr. Cadbury, his wife, his son-in-law and Lord Lisborne, his life-long friend and former vice-chairman, refrain from using their votes in order for Mr. Cadbury to regain the Westward chair.

These votes are important to the Cadbury camp at the extraordinary shareholders meeting set for October 17 aod called by Mr. Cadbury to oust a board which is divided 11 to 3 against him.

There is increasing confidence in the Westward Board, now chaired by Lord Harris of Greenwich, a former Labour Minister.

The Cadbury side's silence is seen by the present directors as a growing realisation that the trump cards are held by Lord Harris.

That is certainly not the view at the Cadbury battle headquarters. Said an aide: "Mr. Cadbury's view remains unchanged. We will reply to the board's request within a few days."

"The board chose to throw a new batt at us (the demand for undertakings about voting) and Mr. Cadbury has to decide which way to play it."

Some Westward Board members think Mr. Cadbury will indeed agree to the board's demands about voting—he controls around 25 per cent of the voting stock—rather than risk being dispossessed, but that he would still hope to win at tha extraordinary meeting.

ITV losing ground in latest ratings figures

FINANCIAL TIMES REPORTER

ITV's dismal performance in the ratings war with the BBC this year worsened in July. Figures from both suggest that commercial television ratings last month were the worst on recent record.

The Joint Industry Committee for Television Advertising Research says the July viewing share was 44 per cent to ITV, 41 per cent to BBC1 and 15 per cent for BBC2.

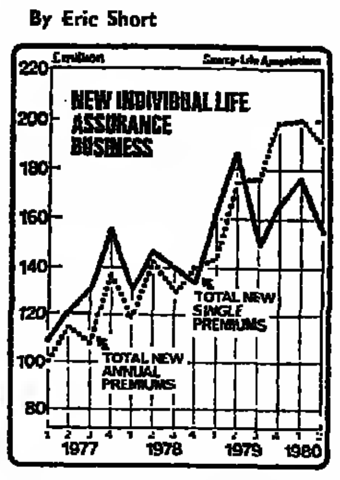
Regional variations illustrate ITV's problems even more vividly. In Southern Television's area the share was 36 per cent. Thus, nearly two thirds of south coast viewers preferred to watch BBC programmes. In London 40 per cent watched ITV.

The commercial channel fared best in Ulster (46 per cent), the Midlands (ATV) (44 per cent), Yorkshire (44 per cent) and the North East (Tyne Tees) (44 per cent).

The figures are bound to add fuel to increasing criticism from the advertising industry that ITV is not producing the mass audiences expected.

Tax changes' impact on life business

By Eric Short



TWO MAJOR tax changes in this year's Budget had an immediate impact on life assurance company business in the second quarter, according to figures issued yesterday by the three life associations.

The ending of tax relief on short-term income bonds reduced annual and single premium ordinary life business. Improvements in tax concessions given to the self-employed for pension arrangements boosted the sales of personal pensions in all sectors.

New annual premiums on ordinary life business in the second quarter declined 14 per cent from £89.6m to £77m following the Budget changes. Single premiums dropped 35 per cent from £88.5m to £57.7m.

However, the record first quarter results were influenced by heavy income bond sales ahead of the Budget at the end of March.

The ordinary annual premium sales were 3.5 per cent lower than in the second quarter of last year, reflecting lower sales of contracts used to repay house mortgages because of the dull housing market.

Nevertheless, the underlying trend in ordinary life business remains strong and, as yet, not affected by the economic recession.

Laker trims New York fare to £78

Michael Donne on the latest move in the airlines' price

THE DECISION by Laker Airways to cut further the cheapest fares between the UK and the U.S. could have far-reaching implications for the other airlines on the route, who are struggling to win traffic at a time of economic recession.

The ebullient Sir Freddie Laker, chairman of Laker Airways, did not respond two weeks ago when British Airways and Trans World Airlines indulged in a private bout of fares-trimming.

But he came into the battle yesterday in characteristically uncompromising fashion, with new cheap rates that threaten to send his rivals reeling.

Sir Freddie has done two things. First, he has responded to the BA-TWA cut-price war on Stand-By fares (traditionally the bottom end of the market) by trimming his own Standard (he does not use or like the term Stand-By) rates from the BA/TWA £82 single to New York to a new low of £78.

The Stand-By fair (and Laker's Standard rate) ara available on the day of travel if there is space available. On BA, TWA and Pan Am, if a passenger cannot get a Stand-By fare, he has to come back next day and take his chance again, with no guarantee of success.

With Laker Airways a Standard-fare passenger is guaranteed a seat on the next available flight, if he cannot get on the first flight of his choice. Laker keeps back up to 40 per cent of all the seats on his Skytrain flights for the Standard-fare travellers, and claims that "no-one leaves the Laker ticket offices without a seat."

Second, and more significantly, Sir Freddie has slashed the "no-strings" Economy Class single fare from the £189 London-New York offered by British Airways to £92, with comparable massive reductions in the Economy rates on the routes to Miami and Los Angeles.

He calls his new fare a "Super Economy," and in view of the size of the cuts involved, it is indeed a bargain for any would-be transatlantic traveller.

The implications of this cut, however, go much further than is immediately apparent: for Sir Freddie has cut the ground from underneath one of the rival airlines' major traffic-winning fares—the Super Apex (Advanced Purchase Excursion) rate.

The Super Apex rate is designed to attract the "visiting friends and relatives" type of traffic, who are not prepared to take any chances on Stand-By rates and want guaranteed seats, although they may cost more.

This winter, British Airways plans to offer a Super Apex between London and New York of £194 return. But there are strings attached—booking and payment 21 days in advance, a stay requirement of seven days to six months, with no changes in travel allowed and a cancellation fee of £25.

Sir Freddie's Super Economy rate wrecks this cosy arrangement since by buying two Super Economy single fares, a traveller can get to New York and back for £184, with no strings attached.

He can book his ticket on the day of travel; get full in-flight service with meals; he can stay as long as he likes; and he can be assured of a guaranteed seat there and back.

Sir Freddie himself yesterday described his new Super Economy fare as "a truly democratic air fare," which a traveller could consider using not only for himself but also for his family. Comparable savings are available against Super Apex rates by using the Super Economy Return on the Miami and Los Angeles routes.

Clearly, this new fare will hurt Sir Freddie's rivals; he wants it to. He said yesterday that he had always promised them competition, and he had already given it to them, and planned to give them more.

Just how much he has hurt them is revealed by Laker's own figures. This week, Skytrain carried its millionth passenger since services began about three years ago.

Laker claims massive load factors—the percentage of seats filled—of nearly 80 per cent on the Los Angeles route since April this year, nearly 85 per cent on New York and nearly 89 per cent on the Miami route.

By the end of July this year, Laker had carried more transatlantic passengers than it did in the whole of 1979. "We are now operating 42 scheduled DC-10 Skytrain round-trips every week between the UK and the U.S. and together with charter flights we are making up to 108 single transatlantic crossing every week."

Sir Freddie claims to have captured up to a third of the market between the UK and Miami, 25 per cent of that to New York, and over 30 per cent of that to Los Angeles.

He will need a load factor of 73 per cent to make his new rates pay, but last year he had an overall system load factor of 81 per cent (giving him a net profit of £3.8m on all his operations), and he thinks he will get at least 82 per cent this year.

Sir Freddie thus seems to be in a strong position. Certainly, he is in a pugnacious mood, and is determined to go out for even more traffic. "There is no recession in Laker Airways," he declares.

Moreover, he stresses his determination to be flexible. If the other airlines decide to do battle, and trim their rates again to match his, he will be prepared to come down even lower.

"We will do anything in Laker Airways if it is to our advantage on the day," he says. "We would be stupid if we adopted any other attitude."

Thus, the transatlantic air fares war seems to be far from over. Just where the next move comes remain to be seen. It is up to British Airways, Trans World and Pan Am to respond to the Laker challenge, especially on the Super Economy fare.

So far, they are reluctant to comment. But TWA said two weeks ago that it would be prepared to trim its Stand-By fares further if it felt that any response by Laker—or others—undercut it. Laker has now done just that. No-one will be more interested to see what happens than Sir Freddie himself.

LONDON—U.S. AIR FARES (From October 15)

Airlines & Fares	Routes between London and New York	Los Angeles	Miami(c)
	£	£	£
Stand-by single (BA, PAA, TWA) (a)	82	113	86
Standard single (Laker) (b)	78	109	82
Normal Economy single (BA, PAA, TWA)†	189	278	210.50
New super economy single (Laker)†	92	134	101
Super Apex return (BA, PAA, TWA)*	194	278	203
Super economy return (Laker)†	184	268	202

(a) Only if seats are available on day of flight.

(b) Up to 40 per cent of seats on all Laker Skytrain flights held for Standard Fare passengers.

(c) BA, Pan Am and Laker serve Miami, TWA does not.

* Special conditions on Super Apex including payment 21 days in advance; stay of 7 days to 6 months required; no stopovers; no changes in travel plans allowed; £25 cancellation fee.

† No restrictions on normal economy and Laker super economy single and return, with freedom to book on day of travel and to stay as long as passenger wants, with seats fully reserved.

British Airways to cut Belfast-London fares

BY OUR BELFAST CORRESPONDENT

BRITISH Airways is to introduce a range of cut-price stand-by and excursion fares on the Belfast-London shuttle, in response to this week's fare cut on the route announced by British Midland Airways.

However, the standard £86 British Airways return fare will be unchanged. The airline said the new structure was "based on economic reality, not economic myth."

BMA said on Monday that it was seeking Civil Aviation Authority approval for a £10 cut in the Gatwick-Belfast return fare, to £66, in an effort to raise its share of the London-Belfast traffic from 20 per cent to at least 25 per cent.

British Airways' new package, if approved, will operate from October 1, with a single stand-by fare of £20 on the last two flights each day, with no guaranteed seat, or with a £24 single stand-by on every flight, with a guaranteed seat on the third departure after check-in.

BA also plans an excursion fare of £58 return, as well as a reduced fare for pensioners.

OFT inquiries 'will not mean Genghis Khan ravaging of industry'

Despite assurances, the CBI will be checking closely for over-zealousness, says **David Churchill**

THE FIRST two investigations announced on Wednesday into alleged anti-competitive practices by individual companies will unlease on British industry a new and untried procedure at the Office of Fair Trading.

The companies under examination are TI Raleigh Industries and Petter Refrigeration.

Already the Confederation of British Industry has warned that it will monitor closely the OFT's new activities to ensure it does not become over-zealous. But Mr. Gordon Borrie, Director General of Fair Trading, has made it clear that these investigations "cannot be performed without impingeing in some degree on management."

However, Mr. Borrie has also emphasised that he has "no intention of releasing, like some latter-day Genghis Khan, a golden horde of officials to ravage British industry in an attempt to achieve some meaningless target."

Yet the threat remains that the OFT's probings may bring on it the same opprobrium among politicians and industrialists that was heaped on the Price Commission, which was speedily axed by the present Government.

The Government has been left in no doubt by industry leaders and many of its own backbenchers that they consider the new investigations into anti-competitive behaviour to be irrelevant in view of the sharp economic recession facing industry.

In spite of some shakiness in its resolve, though, the Government has stood firm on its policy that in the long-term battle to curb inflation and improve the UK's economic performance, a more rigorous procedure to improve business competition must be established.

The length of the OFT's investigation is not specified in the Competition Act—the Office is only required to act "expeditiously"—but in practice this initial probe is likely to last about three months.

The OFT will have two teams of three officials in each responsible for carrying out the investigations. Outside consultants will not be used unless exceptional technical problems arise.

One of the team, probably the leader, will act as a liaison officer with the company concerned to ensure good communications are established and that demands on the company's time are kept to a minimum.

The team will have to obtain information from the company under investigation and from other companies directly or indirectly involved. In the case of Raleigh, therefore, this will include retailers such as Tesco and Argos.

As the investigation progresses, the OFT will prepare successive drafts of its report and will clear the factual parts with the company concerned.

The report's conclusions will not be cleared with the company beforehand, although as a matter of courtesy confidential copies of the report will be given to the company 24 hours before it is published.

The report itself is required to describe, with reasons, the course of conduct considered anti-competitive and the persons, goods, or services concerned.

But the Director General of Fair Trading (in whom the powers are invested) is not required to consider whether or not the practice is against the public interest; that is left up to the Monopolies and Mergers Commission eventually to decide.

There are three possible outcomes from the OFT's investigation: First, if the report concludes that the course of conduct is not anti-competitive then no further action will follow.

Second, if a case of anti-competitive behaviour is established the Director General may still decide not to refer the practice and company to the Monopolies Commission to determine the public interest. This could happen if the effect of the anti-competitive practice was minimal or had already been discontinued.

Third, the practice and company can be referred to the Monopolies Commission for the effects on the public interest to be considered.

However, such a reference cannot be made until at least four weeks after the report has been published. Nor may it be referred once eight weeks have elapsed (or 12 weeks if the period is extended by the Trade Secretary).

During this month or two after the report is published the OFT can respond to—but does not have to seek—representations made by the company involved. A company may decide, for example, that rather than face further investigation it will voluntarily abandon the anti-competitive practice and give an undertaking to the OFT to this effect.

If no undertaking is offered, then a Monopolies Commission investigation will almost certainly follow. If a company subsequently fails to keep to the undertaking, then the OFT can refer the case to the Commission without need for a new investigation.

When a company is referred to the Commission, the OFT cannot extend the terms of reference from those originally laid down. But it can, in the light of experience, make it a narrower reference. The Trade Secretary has a right to veto the reference within 14 days of its being made.

The Monopolies Commission, with a larger investigation team than the OFT, will have six months (which can be extended to nine) to review the OFT's findings and determine the effect on the public interest.

In making up its mind the Commission will take account of several factors, including the need to promote competition, promoting the interests of consumers and other customers, promoting lower costs and techniques, maintaining a balanced distribution of industry and employment, and maintaining exports.

The crucial point is that there is no statutory assumption that a practice which restricts competition is automatically against the public interest.

Apart from the mechanics of the new competition investigations, however, the main problem facing the OFT is still likely to be finding sufficient evidence to back up allegations.

The OFT hopes that the publicity surrounding these initial investigations—and two likely to be announced next month—will encourage more companies to come forward with evidence of anti-competitive behaviour by competitors.

APPOINTMENTS

Senior posts at Antony Gibbs

Mr. Stanley Harding is to join the Board of Antony Gibbs Holdings. He will not be a full time executive but, in addition to carrying out normal Board duties, will be involved in the development of the company following its acquisition by the Hongkong and Shanghai Banking Corporation, and will become chairman of certain of the company's non-banking subsidiaries.

On joining Gibbs, Mr. Harding will resign as a non-executive director of Hill Samuel and Co. He is also a director of a number of other companies, including British Shipbuilders and BPB. He was formerly finance director of Thomas Tilling and chairman of Cornhill Insurance.

Mr. David Macdonald, group chief executive, has been appointed chairman of Antony Gibbs and Sons, the subsidiary operating the banking business. Mr. John Howard will remain deputy chairman of Antony Gibbs and Son and Mr. William Underwood, who has been chairman of certain of the company's non-banking subsidiaries, will resume an executive position in Antony Gibbs and Sons as director in overall charga of commercial banking and the treasury function.

★

Mr. Brian Warrington has been appointed president of ANDERSON JACOBSON CANADA in addition to his post as managing director of Anderson Jacobson, Slough. In his combined role he will be responsible for about 50 per cent of AJ Inc.'s non-U.S. revenues.

★

Mr. Brian Martin has joined the Board of LOGICA as director responsible for management group.

★

The Lord Chancellor and the Lord Advocate have appointed Mrs. Brenda Hoggett a member of the COUNCIL ON TRIBUNALS.

★

Mr. Peter Underhill has been appointed director and general manager of the COURIER EXPRESS division of Security Express, a De La Rue company.

★

BERKELEY EXPLORATION AND PRODUCTION has appointed Mr. Henry Boyd company secretary.

★

Mr. Richard Parr has been appointed a director of BELLWAY (SOUTH EAST).

★

ELENA MAE has made the following Board changes: Mr. J. C. Frame, executive chairman of Elena Mae is resigning from that position, but continues as a director. He remains a director of the holding company, Caledonian Associated Cinemas. Mr. Robert Low, a director of Caledonian Associated Cinemas and Elena Mae has been appointed chairman of Elena Mae. Mr. W. Stuart C. Hunter, director and general manager of Elena Mae, has been appointed managing director.

★

Mr. Malcolm Williamson has been appointed an assistant general manager of BARCLAYS BANK.

★

Mr. J. M. Weir will relinquish his executive responsibilities with SIDLAW INDUSTRIES on September 28 as a result of tha contraction of the group's textile activities. He will remain a director.

★

Mr. Bob Hart, London-based publicity director, has been appointed director, video development for EMI MUSIC. He will be based in the Capitol Tower in Hollywood. Mr. Roger Stubbs, London-based planning director, becomes director of planning and business development. Mr. Geoff Kempin, EMI Records (UK) video projects manager, will continue to co-ordinate that company's home video activities and will also take responsibility for co-ordinating promotional video production in the UK.

★

Mr. P. A. Von Wielligh, an executive director of Johannesburg Consolidated Investment Company, has been appointed chairman of THE RANDFONTEIN ESTATES GOLD MINING COMPANY, Witwatersrand. He succeeds Mr. B. A. Smith, who has resigned.

★

Mr. John Muschamp, chairman and managing director of the Coachwork Conversions, has been appointed chairman of the new commercial vehicle bodybuilders section of the SOCIETY OF MOTOR MANUFACTURERS AND TRADERS.

★

Mr. W. D. Binney has been appointed managing director of W. AND J. GLOSSOP and Mr. B. J. Endersbee has been appointed financial controller.

★

Mr. Robin G. France has been appointed to the Board of TINSLEY WIRE (SHEFFIELD), members of the TWIL Group, as financial director.

★

PROVIDENT FINANCIAL GROUP has appointed Mr. F. Grant to the Board as a non-executive director.

★

B. ELLIOTT GROUP states that Mr. R. A. Larkin, formerly sales director of Butler Machine Tool Company, Halifax, has been appointed managing director of Snow and Co., Sheffield. Mr. Ted Good, formerly managing director of Snow and Co., is now based at Halifax, and is responsible for the chairmanship of several of the companies in the manufacturing division of the B. Elliott Group.

Letraset finance director

Mr. Niels Andersen has been appointed to the Board of LETRASET as director of finance and corporate development. He joins from Massey-Ferguson where latterly he was director and assistant to the vice-president, European and world export operations, prior to which he was comptroller at Massey-Ferguson UK. Previously, he worked for McKinsey and Co. in London and Ford Motor Company in the U.S.

★

SAVAGE INDUSTRIES, manufacturer of Spur Shelving systems, has appointed Mr. D. J. Brown, as financial director. He comes from Vacu Blast.

★

Mr. John Holland has been appointed company secretary to ASSOCIATED TYRE SPECIALISTS.

★

Mr. C. H. S. Barker (formerly group property manager) has been appointed retail property director of JOHN MENZIES (HOLDINGS).

★

Mr. Peter Gardner has been appointed by ATV MIDLANDS as general manager (West Midlands). Mr. Gardner, who is currently head of production facilities at Tyne Tees Television, will also join the Board of ATV Midlands.

★

Mr. Timothy W. R. Neil has been appointed financial director and company secretary of WEST'S PROCHEM, Darlington, part of the WGI Group.

★

Mr. Stuart E. Reider, vice president, has been appointed market management division head in BANKERS TRUST COMPANY'S international investment management group in New York.

★

Mr. Kartar Munde, managing director of London Tea and Produce Company, has also been appointed managing director of THE HYDE PARK TEA COMPANY.

Japanese car imports rise

BY JOHN GRIFFITHS

THERE was concern yesterday, as the Trade Deaprtment gave formal backing to the Society of Motor Manufacturers and Traders in seeking a further voluntary pact in Tokyo next month on Japanese car imports, at the recent signs of growth in these imports.

August is expected to be one of the year's biggest sales months, possibly reaching 210,000 units. The Japanese share so far is unofficially reported at just under 20 per cent.

If this were maintained for the month, and the society's forecast of 1.5m total sales this year proved correct, Japanese sales for the last four months of the year would need to be cut to about 5 per cent to stay within the agreed "prudent" marketing limit of 11 per cent.

In the first seven months of this year the Japanese share was 10.99 per cent.

There was increasing concern as to whether Japanese imports would now stay within the limits of the existing agreement.

Japanese importers have pledged that for the full year they will remain within the 11 per cent ceiling.

The Trade Department was approached by tha motor traders yesterday about reports that if eventually the Government considered import controls against the Japanese warranted, it would be unable to impose them because of prohibiting EEC Treaty of Rome regulations.

The Department effectively made clear that if the Government felt controls were justified it would impose them first and fight any European legal battles later.

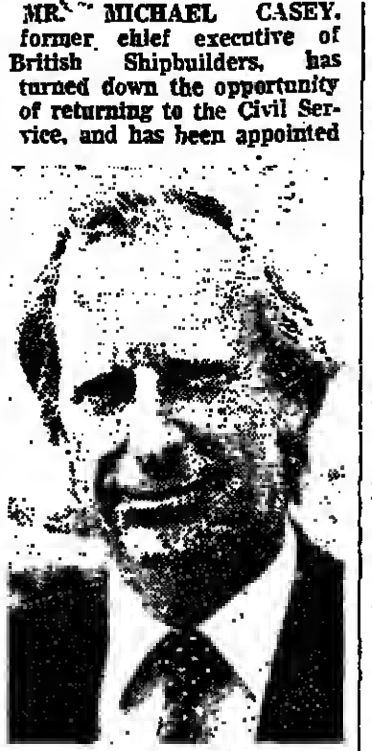
It stressed that it expected to see a new voluntary arrangement emerge, and was satisfied that the existing arrangement, under which the 11 per cent "prudent" maximum Japanese market share was set, was being observed.

In the first seven months of this year the Japanese share was 10.99 per cent.

Casey to join Mather and Platt

By Our Shipping Correspondent

MR. MICHAEL CASEY, former chief executive of British Shipbuilders, has turned down the opportunity of returning to the Civil Service, and has been appointed



Mr. Michael Casey

chairman and managing director of Mather and Platt, the Manchester engineering group.

Mr. Casey, 51, a former under-secretary in the Industry Department, was seconded to British Shipbuilders in 1977 as chief executive and deputy chairman.

When his contract expired at the end of May the Government decided not to renew it, and there has been considerable speculation about his future plans.

It is understood that he could have returned to Whitehall with his former rank of under-secretary but this would have involved a substantial cut against the £30,000 he earned at British Shipbuilders.

Mr. Casey will take over as chairman of Mather and Platt at the beginning of next month. He will replace Mr. R. J. Moore, the present chief executive, who is returning to Australia, home of Mather and Platt's parent Wormald International.

BAT to sponsor Philharmonia

BY LISA WOOD

BAT Industries, the UK-based tobacco group, is to provide £600,000 to the Philharmonia Orchestra over two years in a sponsorship deal to promote its du Maurier brand of cigarettes.

The deal, coming at a time when the Government is urging arts organisations to seek industrial support, is believed to be the largest negotiated by a British orchestra.

The du Maurier sponsorship will cover the autumn and summer seasons and there is a possibility of an extension of the arrangement after 1982.

Approximately 60 Philharmonia concerts will be sponsored in London and the provinces. The sponsorship will be particularly welcome for performances outside London as the Government subsidy to the orchestra, administered by the London Orchestral Concerts Board, does not cover touring work.

Mr. Peter Roberts, managing director of BAT UK and Exports, said the sponsorship would "increase and enhance consumer awareness of the name of the House of du Maurier. That can only be beneficial to cigarette sales in the long term."

He added that the deal would in no way compromise the orchestra's "much valued artistic independence."

BAT Industries had a total turnover in tobacco last year of over £4.2bn. It did not compete in the UK market until 1978, however, because of a long-standing agreement with Imperial Tobacco.

This was broken after the UK joined the EEC and BAT entered the British tobacco market with the launch of its State Express brand. In spite of heavy promotional spending, the company still has only 2 to 3 per cent of the total market.

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Pay dispute threatens to disrupt Post Office

BY PHILIP BASSETT, LABOUR STAFF

LEADERS of 6,500 Post Office clerical and computer staff yesterday decided to recommend their members to take industrial action in what threatens to be a repeat of the damaging dispute last year that delayed the issue of computer-processed telephone bills.

The Post Office group executive of the Society of Civil and Public Servants decided yesterday to reject the Post Office's pay offer, which has been accepted by 146,000 engineers and 37,000 clerical staff. Management staff are going to arbitration on the offer.

The offer would give an immediate 18 per cent increase on basic rates, together with a 2 per cent consolidated productivity payment, both backdated to July 1. A further 1 per cent productivity payment would be made on December 1, and a final 2 per cent on April 1 next year.

It would mean, therefore, pay packet increases over the year to next July of 23 per cent, although the size of any deal this year would be kept to 21 per cent because the final 2 per cent will not be paid until the Post Office's next financial year.

The SCPS rejected the offer, however, because it would give its members less than the package accepted by the engineers in the Society of Post Office Executives (SPOE).

Those engineers won a 6.3 per cent increase on top of a pay and productivity deal, to take into account a 5½ per cent arbitration award earlier this year to the Post Office Engineering Union.

Sir William Barlow, Post Office chairman, has already told the SCPS that there is no scope for a special increase to match the SPOE rise. The group executive therefore decided yesterday to send out, probably next week, its recommendation for action to be considered at membership meetings next month.

The strategy, if agreed, will open with a half-day strike and may well then include action by key Post Office computer members of the SCPS, who, together with members of the Civil and Public Services Association, caused disrupted Post Office cash flow last year.

The union also closed off the possible avenue of arbitration yesterday when the executive decided that there was no scope for its grievance over differentials with the SPOE grades being considered by an arbitration panel.

The SCPS has already this year raised the spectre of repeating last year's action over a separate, previous arbitration award to SPOE members, which gave them increases of between 21 and 26 per cent.

The threat was eventually lifted when the Post Office agreed to improve a compensating 5½ per cent payment promised to SCPS members on April 1 this year to 7 per cent.

Land Rover hopes to win back lost sales ground

BY LORNE BARLING

LANDROVER'S sales figures for the first half of this year are expected to show that it has regained lost ground in the home market as one of the benefits of its £200m investment programme, Mr. Mike Hodgkinson, the managing director, said yesterday.

The programme is part of the overall BL recovery plan.

LandRover is likely to achieve 60 per cent of total sales in the second quarter, compared with only 52 per cent in the second half of last year.

It is estimated that about 6,000 LandRovers and Range Rovers were sold in Britain between January and June. LandRover sales were up 3 per cent on the same period last year.

Mr. Hodgkinson, speaking at Eastnor, Worcs, on the occasion of the launch in the UK of a V8 version of the Land Rover, said the company had achieved a 30 per cent improvement in productivity since the recent BL pay and working practices deal.

"As a result we have been able to absorb some of the effects of inflation without affecting profitability," he said.

Imports of Japanese four-wheel-drive vehicles had fallen in the first half of the year, and LandRover intended to regain at least 65 per cent of the market by the end of the year, a senior executive said.

Mr. Hodgkinson added that a number of large orders had been received recently in overseas markets, which account for 80 per cent of total sales, and this meant that production at Solihull was at a peak.

Atkins hints at Ulster devolution legislation

MR. HUMPHREY ATKINS, Northern Ireland Secretary, hinted yesterday that he hoped to introduce legislation to set up a devolved government for Northern Ireland, whether or not he had total agreement of local politicians.

He said the past 15 months had shown progress could be made "towards something that has a good chance of giving enough satisfaction to enough of the people to provide the political stability that we seek."

Stewart Dalby writes: Local politicians have long felt that Mr Atkins, under pressure from Mrs Thatcher will attempt to impose a solution should the two plans for devolved government announced in early July fail to become acceptable.

Mrs Thatcher is thought determined to have specific proposals for devolved administration written into the Queen's Speech in November.

The White Paper proposed two kinds of Government. One would be an executive with a legislature, both appointed on a power-sharing basis.

This would be acceptable to the minority Catholic community, but unacceptable to the majority of Protestants.

The alternative is a majority-rule executive and legislature backed by a council of chairmen of powerful committees. This looks like being unacceptable to the Catholics.

Mr Atkins is scheduled to hold talks with representatives of main political parties between now and November.

But it looks as if he will set up a non-executive legislature, which will decide what powers it wants devolved to it. In other words, he will set up a talking shop.

Brixton employment office strikers urge mass picket

BY PHILIP BASSETT, LABOUR STAFF

STRIKERS arrested when police restricted to six the number of pickets outside a South London employment office called yesterday for a mass picket of the office next week.

Civil servants who have been on strike for more than seven weeks at the Brixton employment office over the dismissal of two employees who were union activists said yesterday that they were urging all other trade unionists to stage a mass picket outside the office next Wednesday. Police made 17 arrests following the picketing of the office on Wednesday.

The strikers acknowledged that the industrial action was in part drawing away from a dispute over the sacking of the two employment officers and was developing into a challenge of the code of practice on picketing issued by Mr. James Prior, Employment Secretary, which recommends that the number of pickets be restricted to six.

The Brixton Unemployment Benefit Office Campaign for Trade Union Rights, which has been mainly set up unofficially by members of the Civil and Public Services' Association, the dismissed workers' union, said it would be sending a circular out to unions asking them to come to the office in Cold Harbour Lane, Brixton, "to support our right to picket."

Mr. Philip Cordell, secretary of the Department of Employment's South London branch of the CPSA, and one of the two dismissed by the Department for taking time off without permission — according to the Department, for trade union affairs —said the campaign would try to use as many people as necessary to mount an effective picket.

He thought previous numbers of pickets on the office of about 30-40 had been effective before the police began to limit numbers.

Mr. Cordell said he was arrested as the "seventh picket" the day after Mr. Prior's television announcement of the Government's intention to recommend a limit of six pickets in its code of practice.

Some campaign officials said that if the police wanted to turn the dispute into one over the legitimacy of picketing they would not shy away from that, though in essence the dispute concerned the right of civil servants to organise themselves into trade unions.

The police claim that the restriction of the number of pickets to six — two to each of the office's three entrances — had been decided for some time before hand and the fact that it was the same as recommended by the picketing code was a coincidence.

The CPSA officially does not recognise the dispute, though its annual conference this year voted overwhelmingly to support Mr. Cordell and his colleagues.

Mr. Stuart Holland, Labour MP for Vauxhall, who was on the picket line on Wednesday when the arrests were made, said he associated himself with the campaign's call for a mass picket.

He has written to both Mr. Prior and Mr. William Whitelaw, the Home Secretary, asking them to make clear that until the code of practice can be debated by Parliament, the Government has set no limit on the number of pickets allowed.

The Department of Employment said yesterday that the code's recommendation of six as a maximum number refers specifically to "the number of pickets at an entrance to a workplace."

Seventeen people appeared at Camberwell magistrates' court in London yesterday on charges arising from Wednesday's picketing. One was charged with assaulting a policeman and the rest with wilful obstruction.

The defendants, who denied the charges, were remanded to appear in court again in October, and were bound over in the sum of £100 to keep the peace. But the magistrates refused a police application to prevent them coming again within a quarter mile of the employment office.

There were no arrests at the employment office yesterday.

Van market stronger than cars

By John Griffiths

DEMAND for new commercial vehicles fell sharply in July. Registrations, at 15,338, were 20.03 per cent down on the same month last year, according to statistics from the Society of Motor Manufacturers and Traders.

However, the market is holding up substantially better than the cars sector. Registrations in this year's first seven months, at 163,579, were 7.18 per cent down on last year.

The fall in the car market aproaches 15 per cent.

Imports accounted for 17.57 per cent of the July total, a fall on the 18.45 per cent level of last July.

The underlying trend toward higher imports is reflected in the 23.60 per cent for the year to date, compared with 22 per cent in the first seven months of 1979.

Registrations of light-car-derived vans fell by just under 22 per cent in July to 4,156. The sector is down by about 18 per cent on the year so far.

Vans weighing up to 3½ tons fell back in July by about 19 per cent, to 6,537, but they show overall growth this year, with 71,380 units registered in the first seven months against 70,587 in that period last year.

Ford has gained most at the expense of other manufacturers. Its sales so far this year are nearly 4,000 higher, at 28,367, making it the clear market leader.

Only the Japanese makers and Peugeot have also gained ground in the sector.

Four-wheel-drive vehicles were the only group to gain sales in July, 558 units against 544 last year. Most of the growth so far this year, from 5,740 to 6,219 units, has come from Japanese imports.

Registrations of trucks and articulated vehicles over 3½ tons continued to fall, by more than 25 per cent at 4,087 units in July.

For the year so far, they are down by about 10 per cent, at 40,455 units.

Electricity Council breaks its silence on fund managers

BY CHRISTINE MOIR

MR. ALAN URWIN and Mr. William Lunn were publicly suspended for five months as investment managers of the Electricity Council pension funds and then forced to retire early because of professional shortcomings. There was "no evidence of any impropriety on the part of the two men," the Electricity Council admitted yesterday.

Sir Francis Tombs, council chairman, broke the silence the institution has maintained since the men were suspended in March.

He claimed that in 1978, when the two men advised the pension fund's trustees to buy out the minority shareholders of Westmoreland Investments, an unquoted property company, they failed to inform the trustees of opposing advice from the fund's accountants and property valuers.

The accountants told the two men that the purchase should not go ahead until a full accounting investigation had been carried out. The property advisers valued the assets of the Westmoreland at substantially less than tha two men were recommending should be paid.

The failure to pass on the advice to the trustees, which Sir Francis called a serious professional misdemeanour, came to light during a broader overhaul of the pension funds' strategy and structure.

By 1979, Sir Francis said: "It was becoming clear that the machinery for trustees' discharge of their responsibilities needed updating and improving."

Property valuations, for instance, were carried out by the same firm which recommended property purchases.

The independent advisory panel intended to advise on strategy was "very ineffective." There was no formal strategy document. There was no specialist property surveyor employed in the funds.

J. Henry Schroder Wagg, the merchant bank, was called in to recommend improvements. Among other areas, its report highlighted the weaknesses described.

At the same time Mr. Austin Bunch, who was appointed chairman of the board of trustees in February 1979, became concerned at the method of valuing the funds' unquoted investments. These amounted to some £60m werth of investments, nearly £30m of which was represented by Westmoreland largely by a rescue following the property collapse of 1974.

Mr. Urwin's and Mr. Lunn's failure to pass on professional advice about Westmoreland came to light then. Mr. Bunch asked Cork Gully, accountants, to study the whole pattern of Westmoreland's acquisition and say whether any irregularities might have been involved.

Cork Gully's report did not reveal any evidence of impropriety by the two men, but said that the trustees would not have spent £5.4m in 1978 buying out the minority if they had been told of the professional advice.

That they were not told was "unacceptable" professional practice.

Tootal to close mill at Blackburn

TOOTAL, the textile group, is to close the Vale mill at Blackburn, one of its last weaving units in Lancashire. Some 175 employees will be affected by the mid-November closure.

The group's production of basic woven fabric was concentrated at Vale earlier this year when the larger Sunnyside mill was closed with the loss of 280 jobs. Tootal said yesterday there had been further deterioration in business, and medium term forecasts were poor.

About 180 jobs will be lost through amalgamation of the Cutting Tool Division of Sandvik UK Ltd. and the Wimet Group. Both are subsidiaries of the Swedish Sandvik Group. Most of the 180 redundancies will be among Wimet staff in Coventry, and the rest when the Alston Tool and Gauge factory in West Drayton closes.

Management of Metal Box has warned its 3,200 workers at Neath, Carlisle and Wisford that there may be short-time working in the autumn.

Metal Box is the leading customer of the British Steel Corporation's three South Wales tin plate plants at Trostre, Velindre and Ebbw Vale, which will each close for a week later this summer because of low demand.

● INFLATION WARNING: Mr. Roy Hattersley, shadow Environment Secretary, warned that figures to be published today showing a drop in inflation are not a sign that Government economic policies are working.

The July retail price index is expected to show inflation dropped last month to an annual rate of about 17 per cent, from 21 per cent in June. The reduction will have come mainly as a result of last year's near-doubling of VAT dropping out of the year-on-year comparison.

● SPENDING PLEA: Mr. John Patten, Tory MP for Oxford, yesterday urged the Government to adopt new methods of measuring public spending and borrowing. Management of the economy would be helped if the all-embracing term — public sector borrowing requirement —were dropped, he said.

Mr. Patten says that borrowing by central and local government and the nationalised industries should be measured separately.

● OUTPUT DOWN: Steel production in Britain averaged 281,200 tonnes per week in July, 27.8 per cent down on the level for July 1979. Last month's figure represents a decline of 26.8 per cent against June output. This was partly caused by holidays but also reflects the continuing severe recession in the industry.

2,600 seek to start companies in Scotland

MORE THAN 2,000 people who want to start their own businesses have asked for details of "Enterprise Scotland," a business competition run by the Scottish Council (Development and Industry).

The competition closes on August 31 and 220 business proposals have so far been made. First prize of £10,000 and other smaller prizes—which include rent free accommodation—for four areas of Scotland have been donated by companies, banks, councils and development corporations.

Mr. James Johnstone, Scottish Council Chief Executive, says the aim is to help every entrant, not just prize-winners. "We want to stimulate, encourage and help people who have the energy, ideas and ability to start or develop their own businesses."

Government 'heading for clash with unions'

THE GOVERNMENT is set for a confrontation with trade unions unless it acts to stop increasing redundancies and short-time working, Mr. Terence Duffy, president of the Amalgamated Union of Engineering Workers, warned yesterday.

He told the annual meeting in London of the British section of the International Metalworkers' Federation that the unions did not intend a confrontation, but "we will not stand idly by and watch our living standards being eroded and our members thrown on the scrap heap."

Almost every day in the metalworking industries saw further announcements of short-time working, lay-offs, closures and redundancies. Not all could be attributed to the general recession. "Much can be laid directly at the door of the Tory Government's policies," Mr. Duffy said.

The Government was using the threat of bankruptcy and the dole queue as the "incentive" for both companies and workers to strive for greater efficiency.

"The undeniably loic of this course of action is that some of the stronger firms—those with large reserves and resources—may survive. Many other firms, both large and small, will go to the wall, with the pickings of their assets going to the companies which remain," he argued.

The trade unions must let the Government know in no uncertain terms that they expected to be involved in the planning for the future of the economy.

Consett appeal to MacGregor

STEEL UNION leaders are to appeal directly to Mr. Ian MacGregor, British Steel Corporation chairman, to stop the Consett works closure where 3,700 are employed.

If they get no satisfaction the next step would be to seek a meeting with Sir Keith Joseph, Industry Secretary.

After that, the main recourse would probably be to the TUC, in the form of an emergency motion to next months' congress, seeking broad trade union support to prevent the closure.

In spite of the lure of redundancy money—perhaps up to £10,000 a man—the Consett workers at a mass meeting on Wednesday voted unanimously to fight on. Dockers in the North-East were reported to have offered help by agreeing to stop the movement of steel imports at local ports.

The decision to see Mr. MacGregor was taken yesterday by the TUC steel committee. Its chairman is Mr. Bill Sirs, general secretary of the Iron and Steel Trades Confederation.

Publicly, the unions are sticking to their argument that Consett is profitable and that its closure is a needless hardship in a town that depends almost entirely on the one industry.

But, in the face of BSC's determination to cut capacity, however profitable individual plants may be, there must be grave doubts about the unions' ability to save the works.

The degree of support offered by other trade unions at the Brighton congress could, however, be an important factor. The plant is due to shut by the end of September.

Consett is viewed as a particularly hard case. Even at Corby, another steel dependent town, the closure was mitigated by the apparent interest of other employers in moving in. But, as one union official said of Consett yesterday: "All Consett would have left is some poor roads leading to other areas of high unemployment."

The meeting with Mr. MacGregor will be the first that the union leaders have had with the new chairman. Ostensibly it will be to discuss general policy, but it is understood that Consett will be top of the agenda.

Royal Navy 'diminished by Labour'

Financial Times Reporter

THE Soviet navy is undergoing a "rapid and dramatic expansion" but Royal Navy strength has been cut to well below the minimum level for its peacetime needs, says the forword to the 1980-81 edition of Jane's Fighting Ships.

"The policies of the previous British Government succeeded in diminishing the Royal Navy in everything but professionalism," claims Captain John Moore RN, the editor.

Jane's Fighting Ships 1980-81, £40.

Sterling M3 up 5% in month

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

STERLING M3, the broadly defined money supply, rose by £2.95bn or 5 per cent in the month to mid-July on a seasonally adjusted basis, according to Bank of England figures published yesterday.

This partly reflected a readjustment of business by the banks after corset controls on the growth cf their interest-bearing eligible liabilities—a larga part of their deposits—ended in June.

The narrowly defined money supply, M1, also rose sharply, by £976m or 3.6 per cent. But most of this was in the volatile category of interest-bearing sight deposits, which are likely to have been affected by the post-corset adjustments.

The non-interest bearing component rose by only 0.8 per cent, for an increase of little over 1 per cent at an annual rate since mid-February.

Domestic credit expanded by £3.5bn, principally reflecting a £2.43bn increase in bank lending in sterling. Lending in sterling overseas rose by £660m, probably including an element of post-corset adjustment in bank Eurosterling operations.

Central Government borrowing was £420m. This was more than explained by the need to finance on-lending to the rest of the public sector. The latter's direct contribution to domestic credit expansion was large at £580m.

This seems to have been partly affected by post-corset changes, as banks bid more strongly for local authority debt than the private sector.

External and foreign currency finance was a contractionary factor (at minus £209m). Sterling deposits from overseas rose exceptionally strongly. There was a large contraction of inter-bank transactions probably because of the end of the corset.

MONETARY AGGREGATES (£m)

	Money stock M1		Sterling M3		Bank lending in sterling	Domestic credit expansion
1980	change	%	change	%	change	change
January	+49	+0.2	+492	+0.9	+1,378	+738
February	−411	−1.5	+323	+0.6	+502	+270
March	+304	+1.1	+302	+0.5	+433	+715
April	−105	−0.4	+215	+0.4	+1,546	+687
May	+115	+0.4	+1,250	+2.2	+369	+1,146
June	−297	−1.1	+447	+0.8	+438	+1,353
July	+976	+3.6	+2,954	+5.0	+2,431	+3,502

All figures seasonally adjusted.
* Lending to UK private sector.

Source: Bank of England

Prior in challenge over worker-director laws

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

COMPANY DIRECTORS have been challenged by Mr. James Prior, Employment Secretary, to strengthen their campaign against worker-director legislation by developing voluntary forms of employee participation in their companies.

This emerged at a meeting between Mr. Prior and leaders of the Institute of Directors who are campaigning against the EEC's proposed fifth directive on worker-directors.

Mr. Prior told the institute's delegation that the Government was opposed to the imposition of rigid structures of employee participation. He indicated that it would resist any such proposals produced by the European Commission.

The European Parliament is debating the fifth directive, which may emerge in a far more flexible form than was envisaged when it was proposed eight years ago.

Mr. Prior aid the Government's case in future EEC debates would be considerably strengthened if UK companies increased employee communication and participation.

Mr. Walter Goldsmith, institute director-general, said later that his organisation's industrial relations committee was planning a fresh initiative on voluntary reforms.

Retail sector 'in crisis'

BRITAIN'S sixth largest trade union, the Union of Shop, Distributive and Allied Workers (USDAW), has reacted swiftly to the announcement by high street stores group F. W. Woolworth of a £16m fall in its interim pre-tax profits.

Mr. John Flood, the union's deputy general secretary, said yesterday that the statement by Mr. Geoffrey Rodgers, the company's chairman, was very much in line with views consistently expressed by USDAW on the developing crisis in the retail sector.

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

Why a Spaniard is bullish about the jeans market

The denim boom has become a world-wide phenomenon, and competition ever fiercer. Following reports on Levi Strauss and Wrangler, the market leaders, and on Lee Cooper, a major UK manufacturer, ROBERT GRAHAM looks at the strategy of the world's 4th largest manufacturer

MANY a foreigner trying to speak Spanish has stumbled over the pronunciation of the letter "J." Its soft throaty sound is one of the peculiarities of the Spanish language. Yet Joaquim Saez Merino has succeeded in teaching Spaniards that a "J" can be hard—at least in jeans.

With his "Lois" and other brands Saez Merino claims to run the world's fourth biggest jeans manufacturing operation —after Levi Strauss, Wrangler and Lee. Through two companies, Saez Merino SA and Textiles y Confecciones Europeas (Tycesa), he and his family control just under 50 per cent of the domestic market and are fast expanding in Europe, the developing world and the U.S. He is just setting up a £4.5m plant in Cork geared mainly to the UK market and another FFr 60m factory in France.

Saez Merino's venture ranks as one of the most remarkable success stories in modern Spanish business. It also reflects in good measure the social and economic changes that have taken place in Spain in the past 30 odd years.

Saez Merino started off his commercial life in 1942 when, at the age of 14, he was made to work at a small store owned by his parents in a village in Valencia. The store sold Pta 200-worth of goods a day, equivalent now to £30. "In my village the women made sandals at home, so they couldn't make clothes for the men. Thus there was an unusually high demand for trousers and made-up clothes."

It was this circumstance that launched him on his career; he started selling trousers in the family store.

When he was 16, he decided to risk selling in a bigger market than the 600 population of his village, Millares. He bought more trousers and shirts from suppliers in Valencia and went round the neighbouring villages on a donkey. The nearest village was almost five hours walk—beside e laden donkey—and it meant getting up at four in the morning.

In the harsh days of shortages after the second world war he found he could no longer rely on his suppliers. "I therefore decided to buy my own material and have it made up in my village." Here he was lucky not only to find a good tailor but large numbers of seasonal agricultural labourers only too happy to fill the hungry months of unemployment by making up trousers.

In 1948 he was joined by his elder brother, Manuel, who had finished his military service. The business prospered when a travelling salesman offered to sell their work-trousers, overalls and shirts further afield. "But again we came up against the same problem, that of supply. In Spain then the textile companies were small and we had to buy from a series of different suppliers which meant that the quality varied. We therefore decided to manufacture our own cloth." This decision proved a key to future development because it provided control over the quality and supply of cloth and offered the advantages of vertical integration—a strategy which Saez Merino has since always followed. This is what has distinguished him from other new manufacturers in the field.

Spain was slow to take to jeans but by 1959 Saez Merino saw there was a rapidly expanding market which at the time was effectively monopolised by one company, Rok jeans, which he has subsequently overtaken completely. He moved in with "Dylan" jeans—a name he took out of a magazine not realising that it had already been patented by a British company. So he was obliged to find a new name. He wanted Luis but was dissuaded as this was too Spanish sounding, and opted for Lois—suggested by a young office boy.

The new name was not easily identified by the public and so Saez Merino felt obliged to resort to TV advertising, something he had never done before. "In those days the cost represented a fortune to us and we risked being completely ruined if the campaign failed. So I found an agency that agreed to undertake the campaign, and to accept that if it failed, I need only pay by instalments." The campaign worked, he says proudly.

Within a few days they were selling more than they could produce. Faced with this demand, he once again found that no Spanish company could produce either the quantity or quality of denim required. And rather than rely upon imported machinery, he decided to build his own denim manufacturing and dyeing plant.

Since the mid-1960s his company's growth has been constant. It has been based on a complete confidence in the product, knowing that its quality is controlled directly "from weaver to wearer." Added to this has been a constant emphasis on good and aggressive marketing; bolstered by his original experience with TV advertising, Saez Merino has always spent heavily on publicity. "We now spend about 4 per cent of total turnover on advertising," he says. The Lois mark is used heavily now in sports promotion and Spain's Olympic team wore Lois jeans.

Saez Merino has also observed a hard and fast rule of reinvesting profits. No dividend has ever been paid. Another important factor in the strong base that he has evolved is the nature of the Valencia region itself, which enjoys a tradition of small scale economic activity based round small villages and towns.

There are now 5,000 workers in the jeans operation but no one plant employs more than 600 and usually the average is around 400, a high proportion of whom are women. Saez Merino himself runs his business without the normal ostentation of Spanish entrepreneurs

Joaquim Saez Merino: "I would rather burn my jeans than sell cheap."

and operates from one of his plants that backs on to a suburban railway line outside Valencia.

Moreover, the size and family nature of the company provide important flexibility. For instance in 1974, faced with a shortfall in the supply of indigo dye, it successfully built a temporary facility of its own.

The business remains family-run and Saez Merino is keen to keep it that way. But he has recently brought in an American marketing executive and also employs a French designer.

In 1977 he and his brother decided to split the operation. The original company, Saez Merino SA, was hived off to his brother and given control of supplying the domestic market and Canada with Lois goods. He, meanwhile, set up a new company, Textiles Y Confecciones Europeas (Tycesa) with a Pta 100m capital to cover the rest of the world. Saez Merino owns 99 per cent of the equity.

He seems to have split the original company partly because he felt the need for a new challenge and partly because the company was becoming more and more export-orientated. Between 1971 and last year the combined annual sales of the two companies rose from Pta 1.2bn (£7.5m) to Pta 14.35bn (£87.5m).

Over two-thirds of it is exports. Thus Tycesa is the much larger of the two operations, employing 3,500 workers in four textile plants and eight manufacturing plants in Spain—in addition to plants in Argentina and Portugal.

Until now the main emphasis of exports has been towards Europe, especially to the northern members of the EEC; hence the plants now under construction in France and Ireland. The Cork factory, due to come into operation by mid-1981, will produce 3m pairs of jeans, of which 70 per cent will be aimed at the UK market, the rest mainly at France and the Netherlands.

Saez Merino is also trying to penetrate the U.S. market and is currently spending $334,000 on distribution there. He is pushing ahead with this expansion despite the deepening recession in Spain and the toughness of the international market. Profits have declined and now represent 8 per cent of turnover but bankers regard the company as a model performer.

Saez Marino is currently contemplating a temporary cutback in production to ease mounting stocks. He says he would prefer to do this than to cut prices. "We have quality and want to stay in the upper end of the market." This he believes ultimately to be his best insurance against the increasing appearance of pirate brands.

"Once in 1967 there was a sharp fallback in sales and we had a very difficult time. I refused to lower prices and preferred instead to shut down for six months. I would rather burn my jeans than sell cheap," he says with the sureness of a good salesman.

As a precaution, he has decided to diversify to avoid total dependence on jeans, and on one brand. He now has two others, and is also moving into sportswear and knitwear, which now account for 5 per cent of turnover. By 1982 this should have risen to 15 per cent.

Saez Merino himself does not wear jeans, and has never done so. "They don't suit me," he adds.

Putting employees in the picture

BY JOHN CHITTOCK

THIRTY YEARS AGO it was quite an innovation for a company to produce a film explaining its annual accounts both to its employees and to the public. The trail blazer was ICI and the film—now a classic—was called "Balance 1950." It was a colour cartoon done in humorous vein.

The tradition of using audio-visual media for employee communication has continued at ICI ever since. With its own head office film unit (now turned into a company operating under the name Millbank Films) ICI has produced a regular flow of employee and company training films. It is increasingly operating as a commercial exercise by selling copies and accepting commissions from other companies.

Within ICI's divisions, other smaller units have been making films too. One at Welwyn Garden City has even been hived off as a totally separate company, called Vision Communications; before the break it produced for ICI a series of video programmes with the theme and title "Minding our own busines." That was shortly after a survey, carried out for ICI in 1974, came up with the surprising conclusion that 60 per cent of the public believed that company profits went into the pockets of directors.

The video series was made to spread a better understanding of business among the work-force and was sufficiently successful to justify recent updating in colour. This has now been released commercially through the Shropshire-based company Training Films International.

The series, available in 10 videocassette programmes with tutor's notes, overhead projector transparencies and task exercises, is designed to provide a two-day course for employees—however elementary their knowledge. While it is essentially an exercise addressed to ICI staff, its commercial availability has inspired another company to adapt it for its own use.

Kodak considered the programme to be an ideal package for educating its own workforce and decided to have an additional, introductory programme made to explain the ICI background. The idea grew and eventually a group of Kodak employees was put through the ICI course and themselves became the subject of an introductory video programme explaining what they thought of the course, how it benefited them and how it had changed their views of the company.

The introductory programme, "Minding our own business—the Kodak view," was subsequently used to sell the idea of the course to other Kodak managers.

The example against which so many other UK employee programmes could be judged is another ICI programme—made in 1977. A working party of employees had been appointed to reappraise the company's profit-sharing scheme and propose a new system. The video programme, based on a studio discussion, allowed representatives of the working party to explain why they had come to their conclusions.

Such methods probably go some way to help overcome prejudices. The more conventional approach, such as the company newsreel, is also becoming popular as an entertaining means of disseminating information. Large employers such as the National Coal Board, British Rail and Richard Thomas and Baldwin (before the latter became part of the British Steel Corporation) were early producers of magazine films aimed at employees. Video has now made the company newsreel a more economic proposition—quick to produce and easy to distribute. The NCB did much pioneering work by sending mobile TV vans to pitheads and making programmes on the spot.

British Petroleum is now one of the front-runners with its quarterly video magazine, called "Pipeline." Others bridge the gap between general company news and economic education by producing annual reports on video—useful not only for employees, but also shareholders, investment managers and the general public. Tate and Lyle, the Electricity Council and the Chloride Group are among companies now finding this kind of annual programme valuable.

Specialised ideas have emerged, too, such as the weekly video reports on City money markets by Chase Manhattan Bank, which are sent back to New York on the day of production. Motor trade accessory distributors Spafax, of Box, Somerset, makes a weekly video programme for its sales force. Ford of Europe has been another user of the video magazine idea, specifically for keeping European managers in touch with group activities.

Films and video programmes can bring an opportunity to tackle issues more openly. Traditional modes of communication inevitably involve some element of editorial management but some video programmes are making their impact by bringing employees in front of the cameras and giving their views and reactions in unscripted and unrestricted interviews.

In a televisual age it clearly makes sense to use video when employees are conditioned to receive so much information by watching TV at home.

Technical News

EDITED BY ARTHUR BENNETT AND ALAN CANE

● POLLUTION

Stops spread of spilled oil

DESPITE THE presence of a bund wall around a drilling site of an exploratory oil well in Poole Harbour, a Skimmex Shoreline Barrier has just been installed there to the requirements of Gas Council (Exploration) and BP Petroleum Developments.

Both companies are engaged in drilling in Goathorn Point on the south-west side of the harbour whose 10,000 acres of shallow tidal water could be polluted by oil spillage.

Designed by Skimmex Oil Pollution Control Division, 250 Earls Court Road, London SW5 (01-370 3315), cross-section of the boom resembles the ace of clubs, with the upper circle representing an air-filled buoyancy chamber, and the lower two circles as chambers filled with water on each side of a stalk which represents the chain ballasted skirt.

The boom is supplied in standard 40-feet lengths for connecting together on site. Ballast chain at the bottom of the skirt is also linked together to provide a tension member and to facilitate anchoring; the lengths of the ballast chain are also linked together to provide a tension member and facilitate boom anchoring.

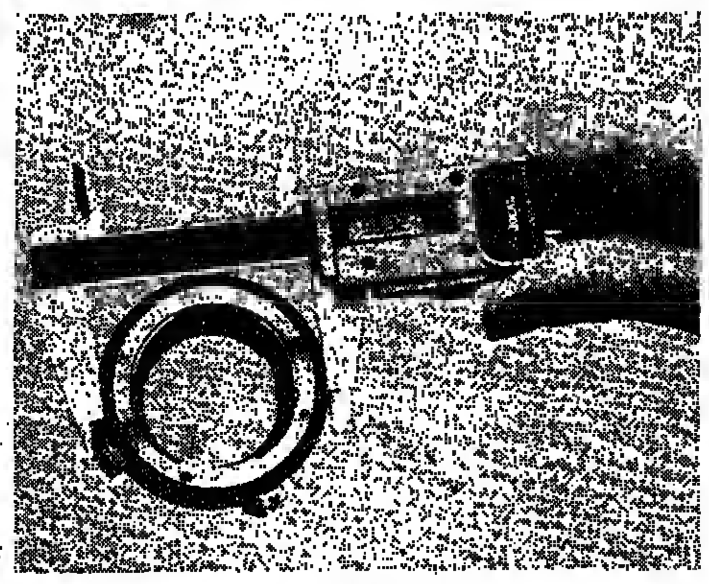
At high tide the boom's buoyancy chamber floats on water and the skirt acts as a barrier to any floating oil.

When the tide ebbs, the water chambers and skirt settle on the muddy sea bottom and create a seal which tends to prevent surface oil from floating out under the boom.

Tests have shown that apart from following the undulating muddy sea bottom, the boom also held water to a depth of about five inches.

Because of the barrier's ability to seal in marshy ground and spartine grass, the company envisages its implementation in estuaries, beaches, rivers, bays, etc., or where there has been no previous method of containing oil in shallow waters. It is also designing a larger exposed beach version.

● INSTRUMENTS



Gauge is easy to read

NOT TOO long ago one of the early tasks of any engineering apprentice was to learn how to read the vernier either on the stem of a caliper gauge or on the barrel of a micrometer.

Probably within a few years the ability to read either will vanish as more and more digital direct reading devices come on to the market.

Latest is from Swedish company C. E. Johansson and is a caliper which the company claims reduces reading time by 50 per cent and the statistical spread of the readings by as much as 90 per cent.

Name of the new instrument is Jocal and it can be zero set anywhere in the six inch (150 mm) measuring range. This permits the measuring of variations from a reference size, measurement of distance between centres of two identical boles and similar tasks.

Jocal is based on a patented scale/transducer system and a custom-built integrated circuit. Measurements appear on a liquid crystal display with a resolution of 0.01 mm (0.0005 inch). This switches itself off after two minutes and the battery life exceeds 12 months with regular use.

More from 66 High Street, Houghton Regis, Dunstable, Beds. (0582 68181).

● COMMUNICATIONS

Reduces the need for paper

MR. JAY GENTILE, who works for Continental Bank in London, converses with his wife—who is more than 3,500 miles away in Chicago—through the bank's electronic mail system.

Without having this facility to keep in close contact with his wife—for the cost of a local telephone call—Mr. Gentile said that it would be impossible for him to work so far away from home.

However the main use of the bank's system called IRIS mail is to carry electronic memos and reports between offices. A computer based at the bank's headquarters in Chicago stores all messages until the recipients next switch on their computer terminals.

About 3,000 people use the system which has been in operation for the last two to three years. Originally electronic mail was restricted between branches in the Chicago area but became so popular that the bank decided to link up with European offices.

The IRIS system is also connected to the bank's word processing system so that executives can dictate long reports and have them transmitted at a touch of a button to several people simultaneously.

Even if a bank official is away from his office or home he can still use IRIS by taking a small portable terminal which fits into a briefcase. All he has to do is dial the computer's number and place the telephone receiver into special socket on the terminal and he can write his report from an hotel room after entering his personal code number.

In addition, the computer is also used to provide detailed statistical information and data about clients accounts. The information is restricted; people are limited to the type of data they can access from the computer's memory.

Some 500,000 pieces of paper were generated everyday by Continental in 1979. The bank says that this is dropping as executives move to electronic mail.

Several employees have become addicts since they find that it speeds up enquiries about customers' accounts and allows them to keep in close contact with colleagues—however distant they are.

Unlike conventional mail, there is little possibility of a message being lost in transit. Users do not need to remember exact addresses since the computer keeps a list of all users and knows where each individual is located. In addition, each memo or letter relating to a particular subject is stored so that the user can refer back to previous correspondence.

Continental expects that another 1,000 users will be linked to IRI's mail system by the end of the year increasing the total to 4,000. It costs US$200,000 to develop the software since the computer system in itself was already in operation supplying central library files.

ELAINE WILLIAMS

● MATERIALS

Damp-proof membrane

CONCRETE FLOORS and vertical surfaces can be immediately screeded or rendered after the application of a new damp proof membrane, says Colas Products, Galvin Road, Slough (0753 71711).

This is backed with a bitumen adhesive compound which is effective as soon as its siliconised release paper is peeled away.

The product is called Bitite and consists of a tough polythene film backed by a 1.5 mm layer of specially formulated adhesive which bonds it to the substrate to provide a uniform membrane thickness, not achievable with brush-applied products, claims the company.

Available in two grades—standard is intended primarily as a damp-proof membrane for solid concrete sub-floors, and the super for applications to vertical surfaces of concrete, brick or masonry—it is also recommended for parking decks, plazas and tanking operations.

● COMPUTING

Captures financial data

AIMED MAINLY at the banking and building society markets are new financial terminals from NCR, the 2261 which will operate as a stand alone or a communicating device, and the 2270 which is to supersede the model 270 introduced at the beginning of the decade.

The 2270 is compatible with the 270 but has more intelligence and greater programming flexibility. Types of transaction and their screen formats can be stored in the terminal and there are ten function keys that can be programmed differently for each screen format. The unit can operate on line to a computer or as a stand-alone device using a cassette store to hold transaction data. Two printers, to give a journal copy and to print into customer's pass books, are available.

NCR believes the 2270 will be of interest to building society branches needing one, two or three terminals and thus not requiring more expensive modular systems that support more terminals.

The new 2261 can work off line as a transaction data capture device using cassette, on line to a computer, as an inquiry terminal and as part of a modular terminal system.

It can handle various types of transactions through 16 programmable keys and if it is on line to a computer input "forms" can be displayed on the screen to help the operator through unusual or rarely used transactions. With suitable programming the amounts entered with each transaction can be allocated to any of 32 totals. This enables, for example, branch totals, cheque and cashier totals to be kept from the transaction information entered just once.

A built-in, 40-column printer provides a journal copy of the transactions. Options include a magnetic stripe reader and personal identification number keypad for reading and verifying customers' plastic cards.

More from the company at 206 Marylebone Road, London NW1 6LY (01-723 7070).

● ELECTROCHEMISTRY

Cleans cooling water

TREATMENTS USING chromates and zinc to inhibit corrosion in cooling water can give rise to pollution problems and laws are beginning to be passed (in Germany and the U.S. for example) preventing their discharge.

According to Betz, alternative corrosion inhibitors have not been entirely satisfactory and the other solution, chromate and zinc removal plant, is not only costly but can create the secondary hazard of toxic sludge disposal.

Following trials at 30 plants in the U.S. the company is now to introduce Diaoodic II into the U.K., a system claimed to give results comparable with chromate but without the hazard.

It does this by achieving with a phosphate-based treatment a similar corrosion inhibition mechanism to that given by chromate or zinc, eliminating the disadvantages of both.

It produces a true anodic type of passivating film which is both protective and adherent and not subject to fouling and corrosion due to the precipitation of orthophosphate salts.

The treatment uses a patented orthophosphate precipitation inhibitor which allows higher levels of orthophosphate (essential for effective anodic passivation of steel surfaces) and prevents calcium phosphate fouling.

Betz, at Nat Lane, Winsford, Cheshire CW7 3BS (06065 3477).

● RESEARCH

Role of biomass doubtful

IF SOME German estimates are anything to go by, the prospects of worthwhile amounts of alcohol being produced in Europe, following in the footsteps of Brazil and the U.S. (where "Gasohol," a petroleum alcohol mixture is on sale), do seem rather remote.

Work at the Julich Nuclear Research Establishment indicates that even if the photosynthesis efficiency of crops grown is put at a rather high (for northern Europe) figure of 3 per cent, it would be necessary to sow "energy plants" over an area of 1.3 times that of the present agricultural area to meet the country's present primary energy requirement.

Other calculations, by the Federal Ministry of Research and Technology, show that even if the whole of the wheat crop (about 8m tonnes) were to be converted to alcohol it would provide fuel to run only 20 per cent of the country's vehicles.

The German scientists have apparently also worked out the result of converting all their human and animal faeces to biogas. The result is none too promising: only 3.3 per cent of primary energy needs could be met.

● PROCESSING

Self-clean water filters

NO ELECTRICITY is required to operate a new range of self-cleaning water filters introduced to the UK by Micro-Mesh Engineering, 51 Basford Road, Nottingham (0602 785345).

Operated by water pressure, the Filtomats are cold water units for installation in systems carrying water at temperatures up to 60° C, working pressures from 2 kg/cm, and handling flow capacities from 25 to 600 cubic metres an hour.

Water to be cleaned enters the unit under pressure and passes through the coarse grid which removes the larger particles. It then passes through a fine screen designed to the needs of the user, and as solids accumulate on the screen they cause a loss in water pressure which, at a pre-set level, automatically opens a valve and activates the backwash cleaning mechanism.

This mechanism consists of a rotating hydraulic motor and suction fins which wash off the deposit clogging the screen and discharge it from the filter.

During the cleaning cycle, the Filtomat continues to filter.

● HANDLING

Tail lift stows away

A COMPANY which specialises in the processing of animal by-products, Special Pack of Worksop, has fitted the first Primrose tail lift, able to be stowed behind the rear doors of panel vans, designed by PTH (Clitheroe), Ewood, Blackburn, Lancs (0254 55031).

The fold-up platform hangs from the bottom of a frame which is attached at the top by short side-swinging arms to the runners of the tail lift. These arms act as a parallel link motion in a horizontal plane.

When the platform is stowed vertically after use, a pin can be removed to allow the parallel-link arm to swing back, bringing the lift-platform and its frame inside the door-way. Rear doors can then be closed.

Lift platform is 3 ft long and 3 ft 9 ins wide, with a 9 in long lead-on ramp.

Before being fitted with a tail lift, the van (supplied by Fiat dealer J. O. Andrew of Sheffield) was sent to the Pudsey works of GRP Products for interior lining and insulation with slabs of expanded poly urethane foam on sides, roof and floor, to a thickness varying between 2 and 3 ins behind a lining of glass-reinforced plastics laminated in situ.

THE PROPERTY MARKET BY MICHAEL CASSELL

PAG 'gloom' rejected

THE British Property Federation has flatly rejected some of the gloomier predictions for the industry which were contained in the controversial report published earlier in the year by the Property Advisory Group.

The Group, which draws some of its 12-man panel from the development industry, sent a few hearts pounding and most property shares falling with predictions that property was *in for a tough time*. It suggested that, beyond the current recession, an increase in demand for space overall was *unlikely* and that rental growth would be weak.

According to the Group, new development would be much reduced and there could be relatively little demand for fresh office development as more and more emphasis was placed on refurbishment.

While the Federation says that it agrees with many of the PAG's conclusions, it draws the line at suggestions that demand for new office space will be substantially diminished and starts by pointing out that the forecast of a deep and prolonged recession evinces little faith in the success of the government's anti-inflationary measures.

The Federation does not, however, go as far as to register its own conviction that the government's strategy will work and confines itself to tackling the logic behind the Group's prediction that demand for new space will drop.

It claims the thread of the PAG's argument—that a reappraisal of accommodation needs in the light of technical development and rising travel and energy costs may lead to relatively little demand for fresh office development—is difficult to follow.

The Federation accepts that office occupiers will, as the report suggests, reappraise their requirements but concludes that the need to reap the benefits of technological advances and to provide the working conditions now sought by staff will result in greater demand for modern space and, hence, new building.

In a polite attempt to explain what it sees as a bit of muddled thinking on the part of the PAG, the Federation suggests that the prediction of reduced demand was based on evidence submitted as long ago as early 1979, when it was fair to assume that new building costs were so much higher than those involved in refurbishment that modernisation would almost invaribly be chosen.

The Federation emphasises, however, that the cost of refurbishment has risen dramatically in the past 18 months, while the rental values of new buildings have also increased to the extent that in some areas it is now sometimes better to demolish and redevelop rather than refurbish.

According to the Federation, while the balance of advantage will not always lie in redevelopment, a couple of assential points remain: there are physical limitations on what can be done to modernise some office buildings and the cost gap between refurbishment and redevelopment has narrowed.

In its response to the PAG document, the Federation goes on to predict that as British business begins to recover and if it is to remain competitive, then new office buildings will be necessary to replace those which cannot effectively or economically be modernised. Moreover, foreign business seeking office space in London will be looking for new buildings. If the supply cannot meet the demand, these businesses will look elsewhere, to the detriment of those locations established as financial and service centres.

The Federation boldly comments: "The shift of emphasis to micro-processors will not lead to a reduction in the demand for office space but rather for a changed pattern for high-class, new office buildings in prime locations, especially in London and the south-east."

But if all the parties involved so far fail to agree on the likely outcome of the reappraisal of office requirements, there is comfort to be derived from the general acceptance that much more detailed thought needs to be given to the nature and scale of future tenant needs.

The Federation says better market research generally is of particular importance for the industry and admits that it has become increasingly aware of the lack of relevant statistical information on many aspects of the development sector.

Sir Keith gives a helping hand

SIGNIFICANT changes in the application of Industrial Development Certificates, which will ease the planning problems associated with industrial estate development, are being introduced by the Department of Industry.

Sir Keith Joseph, Secretary for Industry, has announced in a House of Commons written reply that he intends to remove anomalies involving IDC controls which have discriminated between developments undertaken for individual occupiers and those involving factories for rent on industrial estates.

Sir Keith, who last July raised the exemption limits for IDCs from the 12,500 sq ft ceiling then applicable in most parts of the country to a nationwide figure of 50,000 sq ft, said he was satisfied that his action had been helpful—particularly in respect of companies wishing to build their own factories.

But the Minister acknowledged that IDCs could still be required for factories of a size below the exemption limit located on industrial estates. The position has been that while an intending occupier has been able to build anything up to 50,000 sq ft without seeking an IDC to support a planning application, smaller individual units to rent on an estate whose overall size exceeds the exemption limit have been subject to IDC approval before planning consent can be sought.

In order to obtain IDC clearance, the developer has had to identify the tenants for his scheme, excluding any larger-scale speculative industrial developments (there were exceptions involving the replacement of obsolete factories, inner London partnership areas and New Towns).

Sir Keith now intends, however, to make IDCs generally available to both private developers and local authorities to enable estates to be developed with individual factory units of up to 50,000 square feet. Certificates for such industrial estates will be subject to two conditions, namely that no one company can occupy more than 50,000 square feet and that no part of the development may be occupied by a tenant from an assisted area. No pre-lets will be required.

The news should clearly be welcomed by developers who are likely to echo the first thoughts of Frank Eul, a partner with agents Debenham Tewson and Chinnocks. "This decision removes a significant anomaly from IDC legislation. It has been inconsistent allowing any number of individual companies scope to develop their own premises up to the 50,000 sq ft exemption limit without applying a similar allowance to those leasing space in a major industrial development.

City demand is steady

THE WEAKENING economic situation has not been reflected in the take-up of space in the City of London, according to agents Richard Ellis.

In a report on market trends in the second quarter of 1980, Ellis' research department says that steady demand for City office space recorded in the first three months of the year continued up until the end of June.

According to the agents, the total space taken up reached 781,000 sq ft — the same level achieved in the previous quarter, with one-third of the space in question going under offer in new developments. In the main financial area of the City (EC2) take-up reached 280,000 sq ft and approached 180,000 sq ft in EC3, the heart of the insurance district.

Ellis says the strength of demand was illustrated by a high market turnover, particularly for new development space. Take-up in relation to the availability of space (as high as 43 per cent in EC1) was greater than in 1979. Demand remain subdued, however, in EC4.

Rents have continued to rise, although the rate of increase has generally eased. Prime air-conditioned space is quoted at between £20-£23 a sq ft against £18-£20 a sq ft at the start of 1980 and, says Ellis, this growth may well be maintained.

● Scottish Amicable Life Assurance, which recently acquired the freehold of 47, Berkeley Square, W1, have let the second floor to Fujisawa Pharmaceutical at a rent of £16 a sq. ft.

IN BRIEF

HUNTING GATE is to undertake a 100,000 sq ft office-warehouse redevelopment scheme on the Foundry Lane industrial estate at Horsham, Sussex. Phase One of the £4m-plus project will provide about 50,000 sq ft of office space which has been pre-let to Allied Implant Technology of California. The first unit will be ready in July 1981 and the whole of phase one is to be purchased on completion by Hambro Life Assurance. Letting agents for the 48,000 sq ft in phase two are King and Co. and White Over.

● W. E. Chivers Holdings has been selected by Restormel borough council to finalise plans for the £3m redevelopment of St. Austell town centre. The developers beat Trafalgar House and Taylor Woodrow Properties to win the scheme and work should begin in early 1981 with units ready for letting in 1982. Lalonde Brothers and Parham acted for W. E. Chivers.

● CEMP Properties (UK) a subsidiary of CEMP International Property Investment of Montreal, is thought to have paid over £2m for the freehold of 26/40 Broadwick St, London W1. The 64,000 sq ft building has been sold with vacant possession, with the exception of one shop unit currently leased out. Debenham Tewson and Chinnocks acted for the unnamed vendors and have been retained by CEMP who are "formulating their proposals for the property."

● Apex House, an 18,000 sq ft office building at Northfleet, Kent, has been sold by Cannon Assurance for a figure approaching £600,000 to Peachey Property Corporation. The property is let in its entirety to Apex Construction and produces a current annual income of £45,000. Conrad Ritblat acted for Cannon and Redgwell & Harris represented Peachey.

● Asda Securities has paid over £400,000 for the freehold of 317-321 Fulham Road, London SW10, comprising three ground-floor shop units, 2,450 sq ft of offices and six self-contained flats. Current income of about £400,000 a year is due to rise substantially because of reviews due. Bernard Thorpe acted for Asda and Debenham Tewson & Chinnocks represented the vendors.

● Wilment-Lesceren Developments have acquired the former Port of Bristol Authority headquarters in Queen Square, Bristol, and intend to develop 40,000 sq ft of office space. The scheme should be finished at the end of 1981 and is being funded by the Merchant Navy Officers pension fund who were advised by St. Quintin. Stanley Alder & Price acted for Willment in the sale of the investment at a sum in the region of £2.3m.

● Royal Insurance is funding at a cost of £300,000 the purchase and construction of a new 16,000 sq. ft. warehouse on a 1.1 acre site at Carrwood Road industrial estate, Chesterfield. The warehouse has been pre-let on a 25-year lease at an initial rent of £25,000 a year. Royal was represented by St. Quintin.

BUSINESSES FOR SALE

ME

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Industrial Industrial Industrial Industrial

PROPERTY APPOINTMENTS

Telford
Birthplace of Industry

TELFORD DEVELOPMENT CORPORATION

SENIOR APPOINTMENTS

(Up to £20,000 per annum)

Following the appointment of Mr. J. F. Boyce, F.R.I.C.S. to be its new General Manager and Mr. R. G. Tilmouth, B.Sc. (Est. Man.), Dip.T.P., A.R.I.C.S. to be General Manager of Washington Development Corporation, the Telford Development Corporation proposes to rebuild its senior management and industrial development teams with appointments of:

(i) Assistant General Manager (Commercial); and
(ii) Commercial Director

The salary range is equated with that of Assistant Secretary (Civil Service) with a plussage for the Assistant General Manager appointment. Applicants for the post of Commercial Director must be Chartered Surveyors.

Full details of the appointments with application forms may be obtained from the Secretary, Priorslee Hall, Telford, Shropshire TF2 9NT. Telephone 0952 613131. The closing date for applications is Wednesday 10th September 1980.

INTERNATIONAL PROPERTY

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CONTRACTS AND TENDERS

INTERVENTION BOARD FOR AGRICULTURAL PRODUCE

INVITATION TO TENDER

Tenders are invited for the urgent supply of 720 tonnes of bagged soft wheat flour for delivery on FAS Liner terms to an EEC Port for subsequent delivery to Oran in Algeria.

Delivery to an EEC Port shall be no earlier than 6 October, 1980, and no later than 24 October, 1980. The price for the supply and transportation costs of the wheat flour will be determined on examination of tenders which must be submitted by 12 noon on Wednesday, 10 September, 1980, to:

Home Grown Cereals Authority,
Hamlyn House,
Highgate Hill,
London N19 5PR.

Notice of invitation to tender together with the tendering forms may be obtained from: Branch B (Cereals), Internal Market Division, Intervention Board for Agricultural Produce, 2 West Mall, Reading. Tel: Reading 583626. Ext. 284.

MOFFAT, DUMFRIESSHIRE

TWO EXCLUSIVE BUILDING SITES

Short walk from centre, open views, fully serviced, sellers can arrange construction of quality dwelling to buyers choice. Price £8,500 each.
Further details:
DENHILL DEVELOPMENTS LTD.
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FOR INVESTMENT

SCRAP YARD—(Village near Tunbridge Wells) having benefit of planning permission for 5 dwellings together with approximately 8 acres of paddocks, etc. Offers invited in the region of £75,000. Apply Walter & Bailey, Croft Road, Crowborough, Tel: Crowborough 272213.

EARLS COURT — 3 Freehold Properties use class order 1(d)—Hospital/Nursing/Rest Home, etc. Net profit potential £160,000 p.a. 515 6725.

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COMPANY NOTICES

GREATERMANS NATAL AND FREE STATE HOLDINGS LIMITED

NOTICE TO THIRD 6% PREFERENCE SHAREHOLDERS
DIVIDEND ON THIRD 6% PREFERENCE SHARES

NOTICE IS HEREBY GIVEN that the Board of Directors has declared the following dividend payable on 30th September, 1980, to Third 6% Preference Shareholders registered in the books of the COMPANY at the close of business on Friday, 29th August, 1980:—

THIRD 6% REDEEMABLE CUMULATIVE PREFERENCE SHARES—DIVIDEND No. 21

A dividend at the rate of 6% per annum for the six months ending 30th September, 1980—equivalent to 6 cents per share.

The dividend is declared in South African currency and dividends payable from the London Office will be paid in United Kingdom currency calculated at the rate of exchange ruling between Rand and Sterling on 12th September, 1980.

Dividend cheques despatched from the London Office to persons resident in Great Britain or Northern Ireland will be subject to a deduction of United Kingdom Income Tax at rates to be arrived at after allowing for relief (if any) in respect of South African Taxes.

The COMPANY will, where applicable, deduct the Non-Resident Shareholders' Tax of 15% from Dividends payable.

For the purpose of paying the above dividend, the Third 6% Preference Share Register will be closed from 30th August to 12th September, 1980, both days inclusive.

Dividend cheques in payment will be posted on or after 30th September, 1980.

By Order of the Board,
B. C. CRAGG, Secretary.

Registered Office:
220 Commissioner Street,
JOHANNESBURG.
Transfer Secretaries:
Central Registrars Limited,
28 Harrison Street,
JOHANNESBURG.
P.O. Box 61042, Marshalltown,
2107.
London Office:
Granby Registration Services,
Bourne House,
34 Beckenham Road,
Beckenham,
KENT, BR3 4TU.

OTZAR HITYASHVUTH HAYEHUDIM, JEWISH COLONIAL TRUST LIMITED.

The Scheme of Arrangement dated 23rd May 1980 providing for the cancellation of the Ordinary Shares of the Company (including those represented by Share Warrants to bearer) and the distribution to the holders thereof of the due proportion of the underlying assets of the Company, being Ordinary Stock in Bank Leumi Le-Israel B.M. ("the Bank") has been sanctioned by the High Court of Justice and became effective on 1st August 1980.

To obtain their due proportion of Ordinary Stock of the Bank, shareholders are requested to deliver or send the certificates or share warrants representing their holdings of Ordinary Shares in the Company to the Secretary of the Company at 4-7 Woodstock Street, London, W1A 2AF.

Shareholders should, when sending in their certificates or share warrants, advise the Company of the address to which certificates for their entitlement to Ordinary Stock of the Bank should be sent.

Entitlements to Ordinary Stock of the Bank in respect of which the relevant Share Certificates or Share Warrants have not been delivered up to the Company on or before 27th September 1980 will be held by The Bank Leumi Le-Israel Trust Company Ltd. of 8 Achad Haam Street, Tel Aviv, Israel, as Trustee for the persons entitled thereto pending the production of the relevant Share Certificates or Share Warrants to bearer.

Dated 15th August, 1980.
By Order of the Board.
A. Doron.
J. Sherson,
Joint Secretaries.

NOTICE OF RATE OF INTEREST
ELECTRICITY SUPPLY COMMISSION
(South Africa)

GUARANTEED FLOATING RATE NOTES DUE 1982

In accordance with the provisions of the Fiscal Agency Agreement between Electricity Supply Commission and Citibank, N.A., Fiscal Agent, dated as of August 15, 1974, notice is hereby given that the Rate of Interest on Coupon No. 13 dated February 17, 1981 shall be 11¼%. Interest payable shall be computed on the actual number of days elapsed (185) divided by 360.

By CITIBANK, N.A., as Fiscal Agent.
August 15, 1980.

SONATRACH

U.S.$50,000,000 FLOATING RATE SERIAL NOTES DUE 1991

NOTICE IS HEREBY GIVEN that the Rate of Interest has been fixed at 11⅛% and the Coupon Amount payable February 17, 1981, against Coupon No. 4 will be U.S.$610.31.

By: CITIBANK, N.A., LONDON,
August 15, 1980.
Agent Bank.

PUBLIC NOTICES

COMPETITION ACT 1980
NOTICE UNDER SECTION 3(2)(b)
PETTER REFRIGERATION LIMITED

Under section 3 of the Competition Act 1980 the Director General of Fair Trading is to investigate whether Petter Refrigeration Limited has induced or attempted to induce persons who service, repair or sell commercial vehicle or container refrigeration equipment (including spare parts) not to service, repair or sell such equipment where it is manufactured or supplied by persons other than Petter Refrigeration Limited. If this is the case, he will investigate whether this course of conduct amounts to an anti-competitive practice.

The goods to which the investigation is to relate are commercial vehicle or container refrigeration equipment including spare parts and their servicing or repairing.

If you have any information which would help the Director General, please write to:
Office of Fair Trading
Branch CP4
Chancery House
53 Chancery Lane
London WC2A 1SP.

Your letter should arrive as soon as possible if it is to be taken into account in the enquiry.

COMPETITION ACT 1980
NOTICE UNDER SECTION 3(2)(b)
TI RALEIGH INDUSTRIES LIMITED
TI RALEIGH LIMITED

Under section 3 of the Competition Act 1980 the Director General of Fair Trading is to investigate the criteria of TI Raleigh Industries Limited and TI Raleigh Limited for determining whether to supply bicycles to retail outlets and whether the application of those criteria, or any of them, is a course of conduct which amounts to an anti-competitive practice.

The goods to which the investigation is to relate are bicycles.

If you have any information which would help the Director General, please write to:
Office of Fair Trading
Branch CP4
Chancery House
53 Chancery Lane
London WC2A 1SP.

Your letter should arrive as soon as possible if it is to be taken into account in the enquiry.

WEST YORKSHIRE METROPOLITAN COUNTY COUNCIL. £12m 91-day Bills, issued 13 August 1980 due 12 November 1980 at 14¹/₁₆%. Applications totalled £112.5m. No other Bills outstanding.

CITY OF BIRMINGHAM BONDS
NOTICE IS HEREBY GIVEN that the BOND REGISTER will be CLOSED from 1st September to 30th September, 1980, both dates inclusive, for the preparation of Interest due 1st October, 1980.
B. O. LLOYD,
City Treasurer.
City Treasurer's Department,
Council House,
Birmingham B3 3AD.

TAMESIDE METROPOLITAN BOROUGH COUNCIL
£3,800,000 Bills offered 8.8.80 for payment 13.8.80 due 12.11.80 at 14¹/₁₆%. Applications totalled £44.2m. No other Bills outstanding.

TAYSIDE CORPORATION BILLS
£3,000,000 Bills issued 14th August 1980 at 14 57-64%, to mature 13th November 1980. Applications £24,000,000. Outstanding £9,000,000.

BUSINESS FOR SALE

PLASTIC INJECTION MOULDING COMPANY

Occupying leasehold site of approximately 2 acres, situated at Bridgend, South Wales. Approximately 30,000 sq. ft. of factory warehouse and offices. Annual turnover approximately £½m.

Principals only, please contact:
R. G. Ellis or R. S. Preece at Cardiff 399000 or Bridgend 62537 Telex 498473.

REPUBLIC OF IRELAND

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MAYCO LIMITED (IN RECEIVERSHIP)

Offers are invited for the assets, free from all liabilities, of Mayco Limited, manufacturer of plastic toys in the Republic of Ireland. The range of products include internationally recognised educational and Sit'n' Ride toys and a large variety of playballs.
Turnover in 1979 exceeded £2 million, the main market being Great Britain where the company distributes its own products.
The factory premises cover an area of 84,000 sq.ft. (7,804 sq.metres) on a seven acre site and are situated in Ballina, Co. Mayo.
The range of machinery includes appropriate injection, rotary and blow moulding equipment.
The company employs a skilled workforce of 150.
The joint receivers are carrying on the trading and operations and meeting substantial orders on hand and are offering for sale the business and assets free from all liabilities.
Interested parties should apply for further details, including information about financial incentives available, to Laurence Crowley or Raymond Jackson, joint receivers and managers at:
Stokes Kennedy Crowley and Associates,
Harcourt House, Harcourt Street, Dublin 2. Tel: (01) 757971. Telex: 24494 SKCD EI.
or:
Mayco Limited,
Belleek, Ballina, Co. Mayo. Tel: (096) 21311. Telex: 26778 MYCO EI.

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This is an outstanding opportunity to take over this project by buying the company (no liabilities) including existing stock and know how.
Personal and company security is one of the fastest growing industries and this business can be operated from any location including a home base with the minimum capital requirement as production is sub-contracted against orders.
Price £9,500 complete. Initial enquiries to vendors solicitors
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OPEC piles up sterling

BY DAVID MARSH

MRS. THATCHER should take adavantage of the settlement of the dispute with Saudi Arabia over "Death of a Princess" by asking one of her Treasury ministers to add a swift Middle East foray to his Mediterranean holidays. A trip to Riyadh and one or two other Arab capitals is sorely needed to avert the risk of a discomforting flare-up over the large volumes of sterling piling up in OPEC coffers.

The Prime Minister dislikes the idea both of borrowing abroad and of kowtowing to foreign potentates. Any proposal reminiscent of previous Treasury attempts to chase after Middle East oil money (remember Tony Barber's St. Moritz courtship of the Shah back in January, 1974) is not likely to go down too well in Downing Street.

But the Government should be worried at the undoubted risk to its monetary policies created by the increasing amount of short-term sterling assets being built up in the hands of OPEC institutions.

So it should consider a suggestion for defusing the danger: to persuade the oil exporters to exchange their short term holdings of sterling deposits, Treasury bills and gilt-edged stock for individual long-term loans to Her Majesty's Government.

Consolidation of the debt—perhaps by offering OPEC investors a special sterling bond issue with reduced negotiability but with a preferential rate of interest—might require a large-scale sales effort in view of OPEC's penchant for short-term investments (especially where the pound is concerned).

Dubious

But the scheme would have several advantages. It would tie up a generous amount of long-term Government funding from foreign sources without actually adding to upward pressure on the pound. This would make both the foreign exchanges and the gilt-edged market less jittery about the overhang of volatile foreign holdings (and about the likelihood of a recession-induced increase in public sector borrowing).

And it would help resolve the policy mess over the resurgent reserve currency role of the pound. Both the Treasury and the Bank of England are showing distinct signs of acute schizophrenia on where they stand.

On the one hand, the official line is that the pound's history as an important reserve currency came to an end with the international agreements patched together after the 1976 sterling crisis. These restricted foreign central banks' sterling holdings to "working balances" only—a limitation which they are still observing, but only if you believe the highly dubious figures compiled by the Bank of England.

On the other hand, the authorities have provided a fair amount of informal encouragement for big reserve holders to diversify reserves into sterling. Mr Gordon Richardson, the Bank of England Governor, himself remarked last summer that the proportion of the world's currency reserves held in dollars would almost inevitably fall.

No slouch

And the Bank itself has been no slouch at the diversification game. Nearly 30 per cent or roughly $5bn of the UK's foreign exchange reserves is now believed to be in non-dollar currencies.

The Bank's information that the official sterling reserves of the oil states have increased by only £600m during the 15 months to the end of March is plainly a very substantial under-estimate. It ignores the large holdings amassed by the plethora of quasi-official institutions and individuals which in practice hold the bulk of OPEC's reserves.

Indeed, another set of Bank figures reveals that the total build-up of identified sterling investments by the oil states during that period came to £2bn — and that excludes the large amounts which have entered London via intermediaries, or which have been placed directly on the Euro-sterling market.

Self-promotion is hardly the Treasury's strongest point. Perhaps it would indeed be a tall order to persuade canny Gulf investors that sterling was a better long-term bet than the yen or D-Mark. But at least a Middle East mission could gather sufficient insight into OPEC investment habits to make a start on reforming the Bank of England statistics.

Island flower power

BY WILLA OWEN

JERSEY STAGED its national carnival, the Battle of Flowers, yesterday, to the cheers of some 60,000 spectators — among them holidaymakers who regularly attend what is recognised as one of the most colourful and extravagant spectacles in Europe.

Already, the organisers are beginning to count the cost of this year's event — estimated at £130,000 as against £83,000 in 1979. But before long they will be turning their minds to next year and the 30th anniversary of the festival's revival.

For despite fears that it is beginning to take up too much time and money, everyone agrees that Jersey without its "Battle" would be unthinkable.

The carnival is the island's greatest tourist attraction. Tourist chief Clarence Dupre, a Deputy — the equivalent of MP — says his committee has increased its sponsorship this year from £25,000 to £30,000.

Quite apart from projecting Jersey as a sunny, carefree holiday isle, the Battle of Flowers promotes a community that would be hard to beat in spirit among local residents in any other area of the British Isles.

Creating a giant float about 45 ft long to exhibit in the class for 12 island parishes is a special activity all year round for any parish that takes it on. It involves people from all walks of life and of all ages. Children from eight onwards join in, while elderly residents who are not able to get about easily work on costumes and other accessories at home.

Exhibits have reached a high standard, particularly among the 32 or so flower-decorated floats that are always the biggest thrill of the 1½-mile parade. Costumes are elaborate, and sophisticated themes are carried through by business houses, local sporting clubs and associations — most of them regular competitors—by individuals and by the parishes.

AROUND BRITAIN
JERSEY

"The Year of the Dragon," "All the World Loves a Clown," "Bed and Breakfast," "That's Entertainment," are some of the eye-catchers of recent years.

Says Deputy Tony Perkins, who heads the Battle of Flowers committee for his parish, St. Clement: "The standard is so good that a new exhibitor is likely to find it discouraging."

St. Clement, which carried off the coveted Prix D'Honneur trophy three years running, started late on its gypsy theme, "Romany Ways" for 1980. This was because the parish had decided at first not to enter since the designer (always a key figure) felt it was time he had a summer holiday. Fortunately, a young art student was willing to take over.

Parish volunteers carried out a door-to-door appeal for funds, and with £1,000 raised, work on the exhibit began. Mr. Perkins reckons that although St. Clement's late start meant flowers had to be imported, their float cost less than £2,700 for last year's prize-winner. Not a penny has ever been spent on labour.

Normally, themes are decided in January so that the flowers can be sown in February. Over 100,000 blooms are needed to construct one of the giant floats. Parishes rely on the goodwill of farmers for the loan of fields for growing their blooms, and on business concerns to provide sheds large enough to construct exhibits in.

The framework usually requires the voluntary skills of a welder and a couple of carpenters. A team of around 50 glues the blooms on to the float. Tiny hares' tails form the basis of many exhibits; thousands of them have to be picked, dyed and spun-dried.

Other flowers such as chrysanthemums, carnations, dahlias — all grown according to the float's colour scheme—are glued on as the big day approaches. In St. Clement, 20 senior citizens rally round to strip stems and greenery, while another 10 parishioners keep the whole party supplied with refreshments.

Pressure on the float-builders to get their exhibit finished in time can be gruelling on the day before the "Battle." Teams often start early and work right round the clock until the following morning. Afterwards, weary but undaunted workers sometimes round off the "Battle" with a celebration dinner, followed a few days later by a reception for all those who have contributed their time and effort.

The Jersey Battle of Flowers started in 1902 as part of the festivities to mark the coronation of King Edward VII and Queen Alexandra, but was discontinued during the First World War.

From 1928 to 1938 it was held at Springfield, north of St. Helier, but returned to its original venue of Victoria Avenue on the town's sea-front when it was revived in 1951.

Before 1964 the battle was real enough, with the crowd pelting each other with flowers and the floats getting stripped of their blooms. But too much of a rough house developed, and now the exhibits are kept intact and on display afterwards.

Setting up the stands in the Victoria Avenue arena is the most costly single item—it has gone up from £63,000 in 1979 to about £70,000 this year. Seat prices have been increased accordingly. Best stand seats yesterday were £10 and pavement seating £3.50.

A visiting showbiz celebrity to ride with "Miss Battle of Flowers," the annually chosen beauty queen who must be island-born, bands, clowns, "bigheads" and majorettes are now all part of the carnival parade.

But it is still the exhibitors that are the heart of the Battle of Flowers. For this reason, although cash prizes are nominal, every competitor is underwritten. Guarantees range from £2,000 for the big floats down to a pound or two for children competing in fancy dress.

As costs continue to rise, it is always a question whether next year's event will manage to avoid a loss. But with the spirit of fiesta, and with newsmen, photographers and TV cameramen giving world-wide coverage, who really cares? For Jersey, the "Battle" remains irreplaceable.

Jersey's carnival day—the Battle of Flowers

Newbury card provides variety

RACING
BY DOMINIC WIGAN

DESPITE the fact that three of the six races on today's Newbury card have cut up badly the Berkshire course could be well worth a visit.

The £22,000 Hungerford Stakes is supported by the St. Hugh's Stakes and there is an intriguing race for the Playboy Bookmakers Frenchie Nicholson Appreciation Stakes. There is the further attraction of Kittyhawk's reappearance.

A year ago Skyliner surprised with his win in the Hungerford and he will again be at attractive odds. This is because of disappointing recent efforts and a stronger field than last year's for the Group 3 event. Skyliner may go better than his price will suggest but Hard Fought, representing Michael Stoute instead of Sunday's French raider, Final Straw, looks the pick.

Hard Fought, by Habitat out of Hethersett's half-sister, Ambrosia, put up two smart winning efforts this season before finishing fifth in the mud when beaten by Moorestyle in the William Hill July Cup.

With an additional furlong to cover at Newbury, and ground more to his liking, Lester Piggott's mount can outpace Kampala whom he meets on 3 lb worse than weight-for-age terms.

Frenchie Nicholson's contribution to racing has been recognised with a race in his honour. He was responsible for many fine riders.

The Nicholson event, a mile handicap on the round course, sees jockeys Pat Eddery, Paul Cook and Tony Murray in action.

These, and one or two others in the race are all former pupils of the Nicholson "riding academy." For the winner my choice is Sandford Boy.

In the 3.30 Marwell looks the pick in the St. Hugh's Stakes. Kittyhawk is given a confident vote in the Sparsholt Fillies Stakes — despite the presence of 26 opponents. But for Tolmi's presence at Ascot, on July 26, Kittyhawk would have been one of the easiest ever winners of the Princess Margaret Stakes.

NEWBURY
2.00—Fainting Light
2.30—Sandford Boy**
3.00—Hard Fought
3.30—Marwell
4.00—Kittyhawk***
4.30—Prow*

ENTERTAINMENT GUIDE

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CLASSIC 1, 2, 3, 4, S. Oxford St. 01-636 0310 (opp. Tottenham Court Rd. Tube). Fully air conditioned. 1: AIRPLANE (A). Progs. 1.00, 3.15, 5.35, 8.00. 2: LITTLE MISS MARKER (U). Progs. 12.50, 3.20, 5.55, 8.25. 3: AMERICAN GIGOLO (X). Progs. 1.10, 3.30, 5.55, 8.25. 4: BRONCO BILLY (A). CAPITAL CITY (U). Progs. 12.45, 2.40, 5.25, 8.15. 5: THE LORD OF THE RINGS (A). Sep. perfs. 2.00, 5.00, 8.00.

CLASSIC. Leicester Square. 01-930 6915. ZOMBIES—DAWN OF THE DEAD (X). 1.40 (not Sun.), 4.55, 8.15. THE GREAT BRITISH STRIPTEASE (X). 3.50. 7.05.

CURZON, Curzon Street, W1. 499 3737. COURAGE FUYONS (AA). With JEAN ROCHEFORT and CATHERINE DENEUVE ...

ART GALLERIES

CLUBS

TV/Radio

BBC 1

† Indicates programme in black and white

6.40-7.55 am Open University (Ultra high frequency only). 10.00 Noah and Nelly in Skylark. 10.05 Jackanory. 10.20 Cheggers Plays Pop. 10.40 Take Hart. 1.00 pm Ymryson cwn Defaid—Sheep Dog Trials. 1.30 Bod. 1.45 News. 4.13 Regional News for England (except London). 4.15 Play School (as BBC-2 at 11.00 am). 4.40 Burford Files and Dinky Dog. 5.05 We're Going Places. 5.15 Hey Look, That's Me!
5.40 News.
5.55 Nationwide (London and South East only).
6.20 Sportswide.
6.35 Encounters with Animals.
7.25 "The Awakening Land."
9.00 News.
9.25 Startsky and Hutch.
10.15 Didn't Know You Cared (London and South East).
10.45 Regional, National News.
10.50 1980 World Professional Dancing Championships.
†11.35 The Late Film: "Angels One-five," starring Jack Hawkins.

All Regions as BBC-1 except as follows:

BBC Cymru/Wales—12.50 pm Lliw Dyffryn Lliw. 1.25-1.45 Bys a Bawd. 4.45-5.05 Lladron Donaw Pennod 4. 5.55 Wales Today. 6.20 Cartoon. 6.30-6.35 Newyddion. 10.15 Valentine's Night. 10.55 News for Wales. †10.56-12.38 am The Late Film: "Goodbye Mr. Chips," starring Robert Donat.

Scotland—1.25-1.30 pm The Scottish News. 5.55-6.20 Reporting Scotland. 10.15 The Beechgrove Garden. 10.45-10.50 News for Scotland; National News.

Northern Ireland—4.13-4.15 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15 Lifetimes. 10.45-10.50 News for Northern Ireland; National News. 1.15 am News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Newcastle); Look North-west (Manchester); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 10.15-10.45 pm East (Norwich) Weekend; Midlands (Birmingham) Dennis McCarthy's Weekly Echo; North (Leeds) Direct Line; North East (Newcastle) Supertram; North West (Manchester) Champion Brass; South (Southampton) Cusden on Location; South West (Plymouth) Be My Guest; West (Bristol) Day Out.

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
2.15 pm Racing from Newbury.
4.50 Open University.
6.55 Dallas.
7.45 Mid-Evening News.
8.00 Gardeners' World.
8.30 Premiere.
9.00 Vive La France!: "One Sings, the Other Doesn't."
10.45 Newsnight.
†11.30 The Outer Limits.

BBC-2 Northern Ireland Only—11.25-1.15 pm and 4.00-4.50 Golf: Carroll's Irish Open from Portmarnock Golf Club, Co. Dublin.

LONDON

9.30 am Rocket Robin Hood. 9.50 Nature of Things. 10.40 Story Hour. 11.30 The RAF Falcons. 11.55 Beany and Cecil. 12.00 A Handful of Songs. 12.10 pm Once Upon a Time. 12.30 Home Made for the Home. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Emmerdale Farm. 2.00 Houseparty. †2.25 Friday Matinee: "Holiday Camp." 4.15 Follow Me. 4.45 Runaround. 5.15 pm Take My Wife.
5.45 News.
6.00 Thames News.
6.30 Thames Sport.
7.00 Winner Takes All.
7.30 How's Your Father?
8.00 Vegas.
9.00 The Spoils of War.
10.00 News.
10.30 End of Part One.
11.00 Mary Hartman, Mary Hartman.
11.30 Side Street.
12.30 am Close: Readings from the Muslim tradition by Charles Eaton.

All IBA Regions as London except at the following times:—

ANGLIA

9.25 am Animated Special. 10.10 Monsters and Other Scary Things. 10.40 Clapperboard. 11.05 Call it Macaroni. 11.30 The History of the Motor Car. 11.55 Cartoon Time. 1.20 pm Anglia News. 2.00 Houseparty. †2.25 Friday Film Matinee: "The Mudlark," starring Alec Guinness. 5.15 Alright Now. 8.00 About Anglia. 8.00 Charlie's Angels. 10.30 Speedway. 11.00 Soap. 11.30 Friday Late Film: "The Body Stealer." 1.10 am Christians in Action.

ATV

9.35 am Something Different. 9.50 The Master Builders. 10.20 The Galway Way. 11.05 Kidsworld. 11.30 An Exceptional Child. 1.20 pm ATV Newsdesk. 2.25 Movie Matinee: "Distant Drums," starring Gary Cooper. 5.15 Laverne and Shirley. 6.00 ATV Today. 8.00 Hawaii Five-O. 10.30 WKRP in Cincinnati. 11.00 ATV Newsdesk. 11.05 Movie Premiere: "The Movie Murderer."

BORDER

9.30 am Weir's Aweigh. 10.00 Horses in our Blood. 10.25 A Portrait of the Artist. 10.40 Clapperboard. 11.05 Chopper Squad. 11.50 Cartoons. 1.20 pm Border News. 2.25 Friday Matinee: "Adventures of the Queen." 5.15 Sam. 6.00 Lookaround Friday. 8.00 Superstar Profile. 8.00 The Streets of San Francisco. 10.30 The Hands of Kathryn Stott. 11.00 The Late Film: "Three in the Attic." 12.30 am Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News What's On Where and Weather. †2.25 The Friday Matinee: "My Cousin Rachel." 5.15 Superstar Profile. 6.00 Channel News. 6.10 Horses in Our Blood. 6.35 Encore. 8.00 Have Girls Will Travel. 10.28 Channel Late News. 10.36 Jack on the Box. 11.05 TV Movie Premiere: "The Resurrection of Zachary Wheeler." 12.20 pm News and Weather in French.

GRAMPIAN

9.25 am First Thing. 9.30 Weir's Away. 10.00 Horse in Our Blood. 10.25 Portrait of the Artist. 10.35 Clapperboard. 11.00 Logan's Run. 1.20 pm North News. 2.25 Friday Matinee: "Distant Drums," starring Gary Cooper. 5.15 Take My Wife. 6.00 North News. 6.10 Flair. 6.30 Thingummyjig. 8.00 BJ and the Bear. 10.30 The Export Scotch. 11.00 Reflections. 11.05 The Friday Late Night Film: "Cage Without a Key." 12.45 am North Headlines and Road Report.

GRANADA

9.30 am The Challenging Sea. 9.50 Tarzan. 10.35 Clapperboard. 11.00 Sesame Street. 1.20 pm Granada Reports. 2.25 Friday Matinee: "Nor the Moon by Night." 5.15 A Sharp Intake of Breath. 6.00 Granada Reports News. 6.05 What's the Word? 6.35 Crossroads. 8.00 Vegas. 10.30 Kick Off. 11.00 Soap. 11.30 The Continental: "Rider on the Rain."

HTV

8.55 am Survival. 10.20 Animated Classics. 11.00 Sesame Street. 1.20 pm Report West Headlines. 2.25 Friday Film Matinee: "A Doll's House." 5.15 Alright Now. 8.00 Report West. 6.30 WKRP in Cincinnati. 8.00 Tenspeed and Brown Shoe. 10.28 HTV News. 10.35 The Good Neighbour Show. 11.05 Chopper Squad.

HTV Cymru/Wales—As HTV West except: HTV General Service except—11.55 am Cei Cocos. 1.20 pm Penawdau Newyddion Y Dydd. 1.25 Report Wales Headlines. 4.15 Y Cai O'r Cychwyn. 6.00 Y Dydd. 6.15 Report Wales. 10.35 Preview.

SCOTTISH

9.30 am The Story of Vina. 10.00 Horses in Our Blood. 10.25 Portrait of the Artist. 10.35 Clapperboard. 11.00 Charlie's Angels. 11.50 Cartoon Time. 1.20 pm News and Weather. 2.25 Friday Matinee: "The First Man in the Moon." 5.15 Circus. 6.00 Scotland Today News and High Summer Extra. 6.30 Mork and Mindy. 10.30. Day Return. 11.00 Late Call. 11.05 Late Night Movie: "Ghost Story."

SOUTHERN

9.30 am The Wild Wild World of Animals. 9.55 Chopper Squad. 10.35 Clapperboard. 11.05 The Mackenzie Affair. 1.20 pm Southern News. 2.25 "Campbell's Kingdom," starring Dirk Bogarde. 5.15 Happy Days. 6.00 Day By Day. 6.00 Scene South East (South East Area only). 6.30 Tell Me Another. 10.35 Band of the Year. 11.35 "The Knack...and How to Get It," starring Rita Tushingham.

TYNE TEES

9.20 am The Good Word followed by North East News Headlines. 9.30 Hands. 9.55 Chopper Squad. 10.40 Clapperboard. 11.05 Survival Special. 1.20 pm North East News and Lookaround. †2.25 Friday Matinee: "Madonna of the Seven Moons," starring Phyllis Calvert and Stewart Granger. 5.15 Struck by Lightning. 6.00 North East News. 6.02 Sportstime. 8.00 The Incredible Hulk. 10.30 North East News. 10.32 Film of the Week: "Soldier Blue" starring Candice Bergen. 12.45 pm Meet the Faith.

ULSTER

9.30 am Weir's Aweigh. 10.00 Horses in Our Blood. 10.25 Portrait of the Artist. 10.40 Clapperboard. 11.00 Sesame Street. 1.20 pm Lunchtime. 2.25 Friday Matinee: "The Magic Bow." 4.13 Ulster News Headlines. 5.15 Anna and the King. 6.00 Ulster TV News and Sport. 6.30 An Exceptional Child. 8.00 The Incredible Hulk. 10.29 Ulster Weather. 10.30 Witness. 10.35 Friday Film: "Something for a Lonely Man." 12.20 am Bedtime.

WESTWARD

9.30 am Weir's Aweigh. 10.00 Horses in Our Blood. 10.25 Between the Tides. 10.35 Clapperboard. 11.05 Portrait of the Artist. 11.15 The Beatles. 11.40 The Poetry of Landscape. 1.20 pm Westward News Headlines. †2.25 The Friday Matinee: "My Cousin Rachel." 4.12 Gus Honeybun's Birthdays. 5.15 Superstar Profile. 6.00 Westward Diary. 8.00 Have Girls Will Travel. 10.32 Westward Late News. 10.36 Jack on the Box. 11.05 TV Movie Premiere: "The Resurrection of Zachary Wheeler." 12.20 am Faith for Life. 12.25 West Country Weather and Shipping Forecast.

YORKSHIRE

9.30 am World We Live In. 9.55 The Nature of Things. 10.45 Spiderman. 11.05 Chopper Squad. 11.55 The Bubblies. 1.20 pm Calendar News. †2.25 Friday Film Matinee: "Madonna of the Seven Moons." 5.15 An Exceptional Child. 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Calendar Sport. 8.00 Charlie's Angels. 10.30 Soap. 11.00 Appointment with Fear: "Fear in the Night."

RADIO 1

(S) Stereophonic broadcast
† Medium Wave

5.00 am As Radio 2. 7.00 Mike Read. 8.00 Simon Bates. 11.00 Peter Powell with the Radio 1 Roadshow. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.00 Andy Peebles. 4.31 Richard Skinner. 5.30 Newsbeat. 5.45 Roundtable. 7.30 Paul Jones. 9.50 Newsbeat. 10.00 The Friday Rock Show (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Ray Moore (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.03 pm David Hamilton (S). 2.03 Ed Stewart's Request Show (S). 4.03 Much More Music (S). 6.03 John Dunn (S). 8.02 Radio 2 Ballroom (S). 8.45 Friday Night is Music Night (S). 9.55 Sports Desk. 10.02 The Grumbleweeds. 10.30 The Organist Entertains. 11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

†6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Verdi (S). 10.00 Concert Club, Part 1: (S). 10.40 Interval Reading. 10.45 Concert Club Part 2 (S). 11.40 In Honour of the Blessed Virgin Mary (S). 12.15 pm Midday Concert Part 1 (S). 1.00 News. 1.05 Midday Concert Part 2 (S). 1.55 Ilse Wolf song recital (S). 2.35 English Keyboard Music (S). 3.10 Cello and Piano recital (S). 3.45 Bartok and Janacek concert, including 4.05-4.10 Interval Reading (S). 4.55 News. 5.00 Mainly for Pleasure († and mono only from 6.20). 7.00 One Pair of Ears. 7.30 Proms Concert, part 1: Nielsen (S). 8.00 Theatre Street (Autobiography of Tamara Karsavina). 8.20 Proms Part 2: Strauss (S). 9.40 Byrd's Gradualia (S). 11.00 News. 11.05 The King's Singers (S).

VHF Only—6.00-7.00 am and 6.20-7.00 pm Open University.

RADIO 4

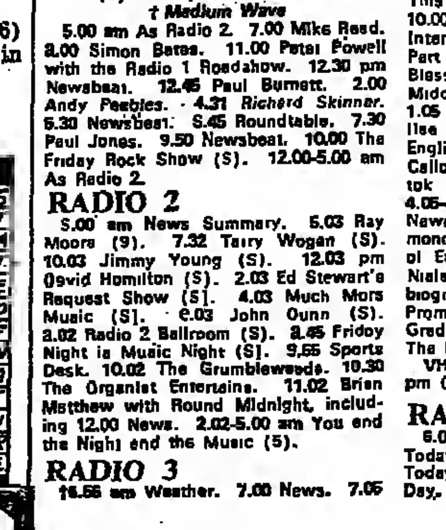
6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News Headlines. 7.45 Thought for the Day. 8.45 Bleating and Bombardiering. 8.59 Continental Travel. 9.00 News. 9.05 Desert Island Discs. 9.45 Feedback. 10.00 News. 10.02 International Assignment. 10.30 Daily Service (S). 10.45 Story Time. 11.00 News. 11.05 What Weather? 11.50 The Lighter Side of Life. 12.00 News. 12.02 pm You and Yours. 12.27 The Year in Question. 12.55 Weather; programme News. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen With Mother. 3.15 Afternoon Theatre. 4.10 How Does Your Garden Grow? 4.40 Preview. 4.45 Short Story. 5.00 PM. News magazine. 5.50 Shipping Forecast. 5.55 Weather; programme News. 6.00 News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 Profile. 8.30 Key Figures (S). 9.15 Letter from America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.35 Injury Time (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 John Wells On... 11.45 John Ebdon. 12.00 News.

F.T. CROSSWORD PUZZLE No. 4,349

ACROSS
1 Shabby experience in the interval (8)
5 One-way town in the West Country (6)
9 Wanted a picture—left the artist to take it (8)
10 Motor gets round by way of this expensive starter (6)
11 Scandinavian invaders (8)
12 Heavily involved like a man overboard (2, 4)
14 Short of money like the Scotch at times (2, 3, 5)
18 Almost a success for Twiggy (6, 4)
22 "Safe within its central heart ——s the seed perfection" (Whitman) (6)
23 Guide gives a couple of points to the Roman orator (8)
24 Symbols of power include it in paths or pieces (6)
25 Run off with a writer? She's just a girl (8)
26 Uncle Sam's formal attire (6)
27 Immaculate with not so much to catch sight of (8)

DOWN
1 Feeling depressed with little work in China (6)
2 She held Tithonus for ever in her East (6)
3 Country talk for those who mean business (6)
4 What a woman surrenders when she marries (6, 4)
6 Coaches find the rest upset about precipitation (8)
7 "The substance of things hoped for, the —— of things not seen" (N.T.) (8)
8 Rushed by to a meal (4, 4)
13 The team gaining promotion suggests a parcel sticker (4, 4, 2)
15 At home and abroad like football managers (2, 3, 3)
16 Urge to fight where reporters sit (5-3)
17 Unpunctual in chilly surroundings, but brought together (8)
19 He is in first class order (6)
20 Got up after a short time in sullen mood (6)
21 Epic hero (6)

Solution to Puzzle No. 4,348



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THE ARTS

Cinema

Taking the consequences

by NIGEL ANDREWS

The Consequence (X) Gate May Fair and Gate Notting Hill
Caddyshack (AA) Warner West End and Columbia
Roberto Rossellini ICA
Edinburgh Film Festival

Listen for the sound of shattering glass if you are near Berkeley Square. It will be a champagne bottle smashing against the side of a newly launched London cinema. The Gate May Fair is the name and it lurks deep in the bowels of the Mayfair Hotel, where once the Starlight Cinema Club held sway, entertaining us nightly with high-tinsel relicts of old Hollywood. David and Barbara Stone, who run the Gate Notting Hill and the Gate Two Bloomsbury, are the duo who have taken over and renamed the place; spreading their empire deeper into the West End and transforming this 50-odd seater into a first-run cinema.

Never mind that the Gate May Fair gets off to a rather bloopy start this week with its first presentation, a German film called *The Consequence*. You have to take the rough with the smooth in the Stones' choice of movies, as devotees of the other Gates will doubtless know. It's a by-product of their high-adventure programming. While other London art cinemas have trundled on in recent years dispensing the staid and the stoic, the Stones have given us everything from Oshima's *Empire of the Senses* to Woody Allen's *Annie Hall* and introduced to Britain the likes of Wim Wenders and R. W. Fassbinder.

I doubt if Wolfgang Petersen, director of *The Consequence*, will follow in the footsteps of Herr F and Herr W, but at least his subject gets an A for Adventurousness. It's the tale of two homosexuals, a young actor serving a prison sentence and the prison warden's son with whom he strikes up an improbably-plotted affair. Goal *amours* are followed by romance in the harsh world outside, when the actor is released. Can the bedevilled duo withstand the pressures of parental disapproval (the warden has his erring son shipped off to a remand home), of VIP corruption (when the boy escapes to Switzerland and a nasty politician promises to get him work papers—in return for sexual services rendered) and of a script slaloming ever more soap-operatically from one romantic crisis to the next?

Only change the lead players from Jurgen Prochnow and Ernst Hannawald to Rock Hudson and Jane Wyman and you'd have the kind of ur-Hollywood *zuppa inglese* of frothing sentiment that used to crowd up the screen when the Gate May Fair was the Starlight Cinema Club. A daring and "modern" theme is not, though Petersen clearly hopes that it is, the same as a daring and modern movie; and *The Consequence* is not helped by lugubrious acting and even more lugubrious black-and-white photography.

But fear not. These are but teething troubles, if the Stones' track record as exhibitors is to be trusted. Keep watching the Gate May Fair and Damascene revelations are sure to ensue.

*

Caddyshack is a 90-minute shaggy-golfer story six-ironing its way across the Atlantic from the heart of country-club America. Or you might say shaggy-gopher story. These burrowing, fairway-wrecking rodents, drolly-puppetised, keep popping their heads up from the ground, swivelling their beady eyes, wiggling their hips in time to the soundtrack music, and generally stealing the comedy from the humans.

Chevy Chase (of *Foul Play*) and Bill Murray (of *Meatballs*) spearhead the latter, as this thinly plotted potpourri of sporting jests and madcap moments spreads even more confusedly across the screen. Chase is the Club wit and dilettante issuing words of wisdom to the young caddy (Michael O'Keeffe) whose dreams of becoming a top golfer make up what little story-impetus there is, and Murray is the dishevelled course groundsman, seedy Yin to Chase's spick-and-span Yang and prone to demented duologues with the gophers whom he is trying to destroy.

It's all a fervently chaotic mess, like a "Laugh-In" episode with elephantiasis, that's occasionally prodded into purposefulness by an extended sketch or another *moment balletique* from the gophers. There are also the all-too-brief eruptions of Mr. Rodney Dangerfield, an American TV and nightclub comic who here plays the Club's resident man-you-love-to-hate: a fidgety, foghorn-voiced boor, clad in ghastly golfer's motley, who moves through the Club dining-room like Attila the Hun rousing the troops and sets a course record for insulting the mostest people in the shortest possible time.

*

The ICA celebrates Roberto Rossellini this month with a three-week retrospective. This strange, towering giant of post-war Italian cinema, whose work is Shakespearean both in its range and in its elusiveness of identity, is represented by nine movies that span 30 years of his career, from the early neo-realism of *Rome Open City* and *Paisa* to the TV historical "biopics" (*Blaise Pascal*, *Italy Year One* . . .) that he turned out in the 1960s and 1970.

Midway between the two stands his Ingrid Bergman period, the films he made in the early 1950s with his then wife, of which two examples, *Voyage to Italy* and *Stromboli* are dusted off here for an all-too-rare screening. They show in a daily double-bill throughout the season while the other films receive mostly single-day performances.

You should certainly roll up to look at that cinematic *cause célèbre Voyage to Italy*. The recent history of this screen-shy film has been like pig-in-the-middle; with "for" and "against" critical factions tossing the film back and forth and arguing over its merits, while the poor non-aligned moviegoer stands in the middle unable to get a touch or a glimpse of the film as it whizzes over his head.

Well, here at last it is in the celluloid flesh, courtesy of the British Film Institute. Bergman and George Sanders are the stars, an English couple holidaying in Italy while their marriage disintegrates. It's a curious, limpid, wonderful film, tilting at banality in its homely dialogue and plain staging, but with sudden shudders of insight and shafts of wisdom as Rossellini builds a counterpoint between the Italian landscape—the streets, the valleys, the mandatory tourist ruins—and the inner landscape of his characters.

*

This year's Edinburgh Film Festival, which opens on August 17, will be the last under the directorship of Lynda Myles. This eclectic, evangelistic and heroically enthusiastic film-lover has transformed what used to be a dour journey North for one's artistic health into an event bubbling with life and hospitality and echoing to the sound of crashing cinematic prejudices. (Sometimes new ones go up in their place, but at least in debate-hungry Edinburgh they can be challenged and argued over.)

In addition Miss Myles performs an annual loaves-and-fishes miracle with the tiny budget extended to the festival each year. Not only does she conjure up a seemingly impossible number of films from all parts of the globe, but she also conjures up the directors who made them and ever and anon parties to entertain the same and us.

This year's programme of films is typically wide-ranging—from Hong Kong thrillers to feminist documentaries, from vintage Hollywood revivals to Roman Polanski's brand-new *Tess*—and there are also special events devoted to American B-feature director Joseph H. Lewis, to the work of the National Film Archive, to Scottish film-maker John Mackenzie and to Miss Myles herself. She has made a selection of favourite films from past festivals to commemorate her last Edinburgh year.

Bill Murray in 'Caddyshack'

Olivier

The Life of Galileo

by B. A. YOUNG

Galileo is a curiously un-Brechtian piece. It was written in 1938, when he was a refugee in Denmark, and he himself said of it that "technically it is a big step backward." The alienation techniques we are supposed to look out for are restrained, so long as you regard the play simply as a dramatic account of the career of Galileo, who overthrew accepted notions of the universe with his observations through the telescope that he did not invent, then under the threat of torture from the Inquisition recanted all his discoveries.

It is, however, under the surface an account of something different, of the politics of his own time, and can be said to be alienation from start to finish; the "error" of identifying with the characters on stage, which alienation is supposed to avoid, is itself avoided when the characters are not precisely whom they seem to be. John Dexter, who directs this outstandingly good production, clearly understands that there is as much of Bertolt Brecht as of Galileo Galilei in the main character: but while the story and the individuality are ascribed to the historical Galileo it is possible to play them with a full charge of sentiment.

John Dexter's production has a breadth that suggests the great expansion of human knowledge that Galileo's discoveries began. There is a plain circular stage behind which, when the lights go up, are some quasi-astronomical metal designs by Jocelyn Herbert; at once, a truck rolls on bearing Galileo's study in Padua, while high on one side a small boys' chorus sing the first of Eisler's songs that introduce the scenes. Complex scenes use the truck, simpler scenes are set on the stage, which can be approached from any direction; atmosphere, rather than scenery, is provided by small screens bearing drawings of the old cities where the action lies — Padua, Venice, Florence, Rome.

Galileo is played by Michael Gambon in the biggest, and certainly the best, performance I have seen him give. He drives him with a divine impatience, eager for the next experiment, the next lesson, the next meal; and when the Inquisition puts his teachings on the Index his eight years' obedient silence is always on the verge of disobedience. Only after he has been compelled to recant by the threat of physical torture does he seem to have given way, though his fleshly appetites are as strong as ever; yet just as he was secretly studying sunspots during his first silence, so he was secretly writing his Discorsi during the second, and Mr. Gambon gives him a marvellously sly manner as he quietly hands them over to his old pupil Andrea Sarti (Michael Thomas) before embarking on the splendid, and splendidly-spoken, long speech of self-accusation.

The production is full of highly dramatic moments such as one doesn't often get in Brecht. Galileo's first, silent encounter with the Cardinal Inquisitor in his red robes; his exchange of quotations from the Book of Proverbs with Cardinal Barberini (who becomes Pope Urban VIII and gives Galileo a false hope of liberated scholarship); the dialogue between the Pope (turning from a little man into an omnipotent force as he is garbed in his vestments) and the Inquisitor; the sight of Galileo's daughter Virginia praying for his recantation, and her sudden joy as she believes it to have come—these are beautifully staged and beautifully played.

Barberini is well done with a kind of quizzical dignity by Basil Henson, and Stephen Moore's Inquisitor is splendid as he pleads with the Pope—himself a mathematician to condemn Galileo's work. Brecht wrote in 1939 that the play contained no topical allusions to Germany or Italy, but in fact it abounds with them, lightly disguised as they are. "Be careful when you go through Germany with the truth under your coat," Galileo warns Sarti as he smuggles the *Discorsi* over the border.

But the theme is broader than this; it is about the suppression of truth, and the proper use of learning. There is a hint of the nuclear bomb. And as Sarti takes the *Discorsi* into Italy, he turns back to a boy who has asked him if witches can fly: "One cannot fly through the air on a broomstick. It must at least have a machine on it, and there is no such machine. . . . We are only at the beginning." I am not quoting Howard Brenton's excellent translation, but that is the sense of it.

Michael Gambon

Coliseum

The Damnation of Faust

by RONALD CRICHTON

The "dramatic legend" Berlioz made out of Goethe's *Faust* has proved irresistible if treacherous material for opera directors. But now that the composer's real operas are more widely known, the enlargement of the operatic repertory in this country, fastening on *Benvenuto Cellini* and *Les Troyens*, for the most part, left *The Damnation* alone. A notable exception was Michael Geliot's staging in 1969 for the English National Opera, revived at the Coliseum on Wednesday after a brief postponement for reasons of "great technical complexity." The original producer was in charge, Diego Masson conducted.

Those who saw the production or the first revival will remember the setting by Wilfried Minks, a carved Gothic surround framing two sets of revolving mirror-panels, separated by a prominent two-tiered inner stage or "mansion," chiefly used to keep soloists out of the whirl of general activity. On to the mirror-panels are flashed a series of projections more or less apposite — details from German painting and wood sculpture, flowers, horses, a nude girl swimming, and so on. The general effect, if you sit back and let it roll past, is handsome, but one has an uneasy feeling that deeper levels of reaction are intended to be stirred.

Among the glories of this score are the transition passages for orchestra, moving not at the speed of clumsy human hands or mechanical devices but at the speed of a poet's thought. The kind of staging devised by Mr. Geliot and Mr. Minks is more likely to succeed here than most, yet one has seldom been so little conscious of the finesse with which Berlioz moves, for example, from Faust's study to Auerbach's cellar and thence to the banks of the Elbe. There are other kinds of visual distraction too—does it really help the irony of the Easter chorus if we see a potted Passion play elaborately mimed on stage plus (extra layer of irony) a Pope carried in procession?

There seems to be more flying than before: Faust dives from his perch during the Ride to the Abyss, a Marguerite-figure is hauled heavenwards at the very end, like Peter Pan in a long nightie. These details need reconsidering, and other simple points which go for little, like Faust's affectionate examination of Marguerite's room (underlit on Wednesday) are worth pointing up. On the whole, some unhappy moments in the Hungarian March excepted, the effects worked pretty well and everything, including the costumes by Annena Stubbs, looked bright as new.

Diego Masson's conducting made an excellent impression (he is musical director at the Marseilles Opera and an old associate of Boulez). He is not the kind for the elegance and rhythmic vitality of Beecham or the grand, imaginative sweep of Munch, but the performance was finely controlled, the playing high-class, and the climax of the Ride put to shame the feeble bat-wing horrors on the stage. The chorus, much moved about, was in good but not outstanding form—loss of pitch was understandable in the damp heat.

Apart from the orchestral playing and the general if unequal interest of the production, the performance is worth seeing for the Marguerite of Felicity Palmer. This soprano's voice and personality sit as naturally in the Coliseum as Crespin's used to in the Paris Opéra. She achieved both a broad, definite outline and extreme musical intelligence in particular things like the passing from voice to solo viola of the melody of the King of Thulé ballad. For the marvellous Romance in the second part Miss Palmer lacks the instrumental timbre for the low notes in the opening phrase — the middle section which worries many interpreters was admirably done.

The Mephistopheles of Richard Van Allan, convincingly shown as a seedy, rapscallion alter ego to Faust, was wholly effective in sardonic conversational exchanges, but disappointing in "Voici des roses," where legato singing is essential. John Treleaven's Faust began promisingly but the voice thinned out in the middle of the opera—he still sang smoothly and clearly but his rejuvenated Faust was a negative figure, unlikely to arouse sympathy. Roderick Earle's Brander was good—the character is fated to be soon forgotten.

Elizabeth Hall

Laredo & Kalichstein

The happy-go-lucky approach to much of the music-making during the South Bank Summer may sometimes produce memorable, uniquely fresh performances, but brings with it complementary problems. The gamble of working with *ad hoc* chamber groups relies heavily on finding a leader—first violinist or pianist—ready and able to take on the interpretation and to drive the music forward when collective will falters. For Wednesday's programme of piano trios and a quintet first violin (Jaime Laredo) and pianist (Joseph Kalichstein) remained constant through the evening, but even at the end of the concert it was difficult to decide who had taken charge.

In Haydn's E major trio, H. XV no. 28, Mr Laredo could have been forgiven for assuming that the piano would take the dominant role: little of thematic importance is trusted to the strings, and in the central passacaglia—a masterpiece between blameless allegros—the first half of the movement is given to the piano alone. But Mr Kalichstein appeared anxious not to offend, deliberately playing down dynamic contrasts and never going out of his way to find individual, imaginative phrasing. Only when the cellist Sharon Robinson took over the passacaglia did it make anything like its full impact, and in the Mendelssohn C minor trio which followed the Haydn it was again Miss Robinson's interventions that did most to provide life and interest. The main theme of the Andante may not be one of Mendelssohn's most inspired creations, but it has more elegance and charm than Mr. Kalichstein's lumpish presentation accorded it.

Laredo, Robinson and Kalichstein have lately formed themselves into a permanent trio, and it could be that the ensemble has yet to gel (technically it is already finely honed) and priorities are still to be established. Then, as if to prove the ethos of Summer Music once again, Laredo and Kalichstein were joined by Kenneth Sillito, Michael Tree and the cellist Laurence Lesser for an urgent performance of the Brahms piano quintet. Mr. Tree's sinewy viola tone lent expressive weight; Mr. Sillito seemed to relish his unaccustomed position of second violin. In the larger ensemble also, the piano tone become more forthright and equitably balanced with the strings, though some of Brahms's more rhetorical writing still caused embarrassment.

ANDREW CLEMENTS

Albert Hall/Radio 3

Mozart and Berg

The BBC Symphony concert on Wednesday provided a timely illustration of why the Proms are artistically special, and were so sorely missed. A programe of Mozart and Berg is simply not to be ventured upon in most other concert series, especially if from the latter's works the Five Altenberg Songs are chosen, with their orchestration of great complexity and scope across a small span of time.

As conducted by Rozhdestvensky, it was an occasion of abundant and beautiful musical invention.

The shine is still upon the orchestra's performance; it plays as though enjoyment of music itself were once again a feature of its style. May it be a feature long preserved! Mozart's youthful D major Symphony, K. 133, had a luxuriance on the sound not at all familiarly associated with the usual fate of Mozart symphonies as concert-openers. It was not an excessively sweet-toothed performance; Rozhdestvensky appreciates the point at which the leisurely perusal of all the flute-tinted delights of the Andante becomes self-indulgent. Two Minuets with Country Dances, at the start of the second half, struck the same affectionate balance; and the accompaniment to *Exsultate, jubilate* was radiant. Neither the peculiar clarity and distinctness of Eiddwen Harrhy's soprano, nor her wonderfully forward way of singing words, allowed for any melting moments. An element of native rococo charm may have been sacrificed, but the music sounded rather more interesting for the loss.

Miss Harrhy is perhaps less well-heard in Berg, whose songs she sang with extreme cogency, but whose vocal writing, even when distilled to such a point of brevity, implies a greater tonal refulgence. Berg, it seems to me, exposes a minor chink in the previously unimpregnable stylistic authority of the Russian conductor. Both here and yet more noticeably in the accompaniment of the Violin Concerto, there was only intermittently conveyed, for all the richness of the orchestral sound, the sense of Berg's formal coherence. The death-laden climax was uncertainly built and achieved; altogether, the dramatic character of the work seemed undervalued. The experience was deeply moving, all the same, for the aristocratic refinement of György Pauk as soloist. I have heard him in this concerto several times, but never better.

MAX LOPPERT

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Friday August 15 1980

More detail less clarity

THE FULL money supply figures issued today precisely confirm the estimates of monetary growth which appeared with the clearing bank figures last week: but despite a welter of new details, it is if anything harder than ever to assess what has been going on for the past six months.

However, one fact which was already suspected now seems clear, although apparently a clean contradiction of the figures; there has been no significant acceleration of private credit demand. There is also a new mystery; it appears that recent Government funding efforts have not only largely failed to offset monetary growth, but may even have made a contribution to it. These are important developments for future policy.

Private Borrowers

The credit picture, happily, is relatively straightforward. During the operation of the corset, a good deal of corporate borrowing was financed by bills held outside the banking system; in July about £1bn of these bills were refinanced by the banks. This means that earlier borrowing made its belated appearance in the statistics. If this figure is deducted from the July figure and added back where it probably belongs, at about £100m a month in earlier months, the trend looks perfectly flat.

In these circumstances there is no case at all for further intensifying the squeeze on private borrowers, who are mainly distress borrowers; hence the actions of the Bank of England, which has been supplying liquidity to the money markets on a generous scale to check any further rise in short rates.

However, this action is not simply designed to temper the wind to the shorn manufacturer and retailer: technically, it is part of the tangled tale of funding. Liquidity is scarce despite the rapid growth of the broader measures of money partly because the public sector was actually in surplus, sucking money out of the private sector, at the turn of the financial year, and partly because of large subsequent sales of Government stock.

What has now appeared is that some of this funding was ineffective. The July figures suggest that less than a half of the securities sold in the month were bought by the non-bank private sector: heavy buying by foreigners and banks—which does not contribute to monetary control—accounted for the rest.

Window-dressing

The July figures probably exaggerated the problem, since they are affected both by earlier window-dressing, when banks sold stock to their depositors overnight on make-up day, and because some of the bank purchases have no doubt been sold on subsequently. Nevertheless, it seems possible that some of the bank purchases of stock were financed with funds earlier supplied by the authorities to ease the squeeze—a form of official round-tripping which would actually expand the money supply. Yesterday the Bank acted to lock this door by asking banks not to add to their gilts holdings; but nobody knows how many horses got out before this action, because nobody was watching.

New approach

Two conclusions seem to follow from all this. The first is that excessive funding in capital markets at high rates, and in a strong currency, is not only expensive but doubtfully effective. A new approach, tapping new sources, notably personal savings, is more than ever urgent. This would reduce distortions, and bring nearer the day when companies can begin to fund their debt: to hold back for fear of the effect on the building societies is equivalent to burning industry to keep the house market warm.

The second message is that it may never be possible fully to disentangle the meaning of recent figures, which show money growing at anything between one and 24 per cent annually, according to the measure selected. A fresh start from a new, undistorted base, perhaps in September, with a tighter target, may be the most effective way to make policy credible again. As a Southern Senator once prescribed for Vietnam: "Declare a victory, and withdraw."

Mary Spooner

ON TUESDAY of this week the Financial Times signed a statement in La Paz which regretted the situation that had arisen out of the activities of our correspondent, Mary Helen Spooner. We appeared to cast doubt on the responsibility of her reporting.

We want to make it quite clear that this statement was exacted under duress and that our sole purpose in making it was to secure the release of our correspondent from detention during which she had been threatened with death.

As we have told the Bolivian authorities, we stand by all the reports from La Paz printed in the Financial Times under Miss Spooner's byline as constituting fair and accurate reporting.

Warning from the Saudis

CROWN PRINCE FAHD's call for a jihad is both more and *less than* a call for Holy War against Israel: jihad can mean that, but it also means righting a wrong and the likelihood of Saudi Arabia—or any other Arab State—going to war now is small.

The Saudi prince's statement has a dual importance. The first is that it is Saudi Arabia's most vehement display of frustration with the sterility of the Egypt-Israel talks over Palestinian autonomy in general, and over Jerusalem in particular.

Frustration

This frustration has been aggravated by the Israeli legislation formalising Jerusalem's *status* as the united capital of Israel. East Jerusalem was made one with the western part by the Knesset (parliament) in the same month as its capture by Israel in June 1967. Only last April, Prince Fahd was saying in an interview that if Israel declared its intention to withdraw from the Arab lands it had occupied, Saudi Arabia would try its best to persuade all Arabs to co-operate in an overall settlement.

Camp David

Saudi official statements characteristically try to talk to different audiences at once, and Prince Fahd's was no exception. For the second important point was a low-key invitation to President Sadat (and at one *remove* the U.S.) to acknowledge that the autonomy talks and the Camp David negotiations as a whole had failed to prevent Israel from consolidating its hold over some of the remaining occupied territories, in particular Jerusalem and the West Bank. He invited Mr. Sadat to return to the Arab fold and make Arab unity the priority of his policies.

The Saudi statement was carefully timed. It comes after Saudi Arabia has forged a crucial new alliance with Iraq. The Jerusalem Committee of the Islamic Conference Organisation opens in Rabat today. The UN Security Council is preparing to debate measures against Israel because of its Jerusalem policy. Above all, it comes at a moment when Mr. Sadat has broken off autonomy talks and is explaining in an exchange of letters with Mr. Begin why he finds Israel's position unacceptable and a resumption of talks at present impossible.

Deadlock

Mr. Sadat must be tempted to end his role as outcast from the Arab world. But the balance must be against him deciding to respond to the Saudi call. First, he must realise that rehabilitation would be a slow process. Second, he would not want to jeopardise his relations with the U.S., particularly with Mr. Jimmy Carter in the midst of seeking re-election.

In the face of growing external opposition, Mr. Begin is unlikely to shift his position: Jerusalem as the united capital is the central and immutable plank of his political and religious *policies*. Nor is an abrupt shift likely on the Arab side, either from Mr. Sadat or from the Saudis. The deadlock looks like continuing.

UNEMPLOYMENT: THREE VIEWS OF A WORLD PROBLEM

WEST GERMANY

Dr. Schmidt's sharp shock

BY ROGER BOYES IN BONN

WHEN WOLFGANG SCHMIDT was called into the personnel manager's office he assumed it would be to discuss promotion prospects. Everything pointed that way—he was 33, he was reasonably well thought of as a senior systems analysts and computer problem-solver, and he has a doctorate, an almost indispensable ticket to success in West German industry.

In the event Wolfgang got the sack. Rationalisation, said the *personnel manager, streamling*, hard times. For Herr Schmidt—the name is a pseudonym—the hard times were only just beginning. He remained unemployed for some 14 months—and in Germany workers suffer further loss if they are without a job for over a year.

For white collar employees and unskilled workers alike, unemployment benefit is about 68 per cent of the last net pay—paid for a maximum period of 12 months. Thereafter anyone who is still unemployed can apply for "unemployment support" which *can be at the most* only 58 per cent of the net wage. However the sources of income of other close members *of the family* are taken into account—a move which can bite severely into white-collar unemployment benefit.

That is precisely what happened to Herr Schmidt. His gross monthly salary was about DM 5,500 (about £1,300) per month. After tax this came to about DM 3,500 a month. As unemployment benefit he received exactly 68 per cent of this—DM 2,312 a month—plus DM 50 per month for each of his two children.

But after a year of unemployment the picture changed dramatically. The rate was reduced to 58 per cent of the net salary and further deductions were made after assessments were made on the earnings of Herr Schmidt's father and near relatives. In the end, he was receiving DM 820 per month (plus the same child benefits)—scarcely enough to pay the rent for a two bedroomed flat in a medium sized town like Aachen, where he lives.

Apart from a small settlement from his old company, Herr Schmidt also earned about DM 6,000 in illegal free-lance work during his first 12 months on the dole. *He* could have earned more in this way, he said, but he was too nervous of being spotted by the authorities or even former colleagues.

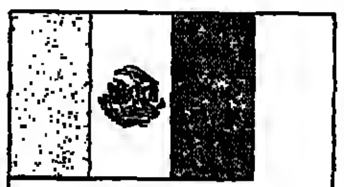
The West German economy may be slowing down but executive unemployment is still a relatively rare phenomenon. The overall jobless rate has now reached about 3.7 per cent of the 25m workforce. Of the 860,000 unemployed, a good two-thirds are in "problem-groups"—over 50, handicapped or without any paper qualification whatever. (The female unemployment rate was over 5 per cent last month.) The population boom in the 1960s is also beginning to have an effect on unemployment among school-leavers and creating an awkward bulge which has to be assimilated in the country's apprentice schemes.

So far, white collar workers have been left relatively untouched by these developments. Most white collar workers are in the civil service and there is precious little chance that they will be made redundant. Even in the troubled sectors—steel, shipbuilding and the motor industry—cuts have been made largely on the shopfloor rather than in the management.

There is no officially released figure for white collar unemployment, but it can *only* be a small fraction of the total—between one in 10 and one in 15, according to unofficial estimates. "Companies would still prefer," one Social Democrat politician said recently," to sack 10 steel workers rather than one manager."

There is no reason why young, reasonably experienced and highly qualified executives like Herr Schmidt should not eventually get a job—providing they are adaptable. In the first year of unemployment he applied for 42 jobs and was rejected each time. But he also received 12 offers of jobs through the Employment office (Arbeitsamt) and turned them down because they were either too badly paid or would not have furthered his career. This is a common complaint about employment offices in Germany—jobs with real career prospects are generally advertised in the quality newspapers rather than given to the local employment exchange.

In the end Herr Schmidt's period out of work has taken its toll. He now has a job that pays him far less than his previous one as a junior systems analyst in a Cologne company. It was difficult to adjust at first. His expectations had, paradoxically, risen the longer he was unemployed. Herr Schmidt has also changed: before he was an ambitious executive on the way up, now he is serving time, waiting for something better to happen.



MEXICO

A wait that never ends

BY OUR MEXICO CITY CORRESPONDENT

FIDENCIO GARCIA MORALES stands nearly every day amid dozens of other unemployed workmen outside Mexico City's main cathedral, hoping someone will offer him work.

Sometimes he is lucky and he gets a job for a few days—enough to make a few hundred pesos to bring back to his wife and five sons at San Miguel, a village in Puebla state 70 miles from the capital.

More often he returns empty-handed to his shared room in one of the slum areas near the Zocalo, the city's central square. Sr. Garcia, a 41-year-old building labourer who has been searching for work for much of the past 15 years, is one of an estimated 8m Mexicans out of a permanent job.

Like most of the 8m he is classed as underemployed, a term that means he makes a subsistence living working sporadically, producing little and earning overall well below the minimum wage of about £2.70 per day.

There have never been enough jobs to go round in Mexico and the state still provides no unemployment benefit, so the choice for the out-of-work is usually between being supported by the family or eking out a living, usually in one of the more menial service industry occupations that now absorb 41 per cent of the 19m work force.

The streets of Mexico City and the other big towns are full of the underemployed making just enough to subsist by peddling chewing gum, playing solitary trumpets, "watching" parked cars or similar activities.

Sr. Garcia is better off. Although unemployed for three quarters of the year, he manages *to stick* to his *chosen* trade and supplements the family diet with vegetables grown on a small plot.

Mexico's *unemployment* figure of 6 per cent—again an estimate because there are no comprehensive official statistics—is deceptively low and successive governments have treated the problem as one of massive *underemployment* affecting about 40 per cent of the work force.

With its oil-fuelled economic "take-off," Mexico has avoided the harshest consequences of the world recession, and the administration of President Jose Lopez Portillo would appear to have a good chance of success in its job creation programme—the main goal of its development strategy — so far as it goes.

Under its three-year development plan the Administration is seeking to create 2.2m new jobs by the end of 1982, but according to the most recent estimates, that figure will just about absorb the *effect* of about 800,000 young people entering the labour market each year. Three of Sr. Garcia's sons will be among that number.

The family would be far better off with the boys bringing home steady wages, but Sr. Garcia, himself one of a large peasant family, has little faith in President Lopez Portillo's *optimistic pronouncements that* the unemployment problem is showing a "clear tendency to diminish."

"I can't see how it's going to get better. They talk about oil, but we don't see any of it. Life is just getting more expensive," he said.

Mexico's current annual inflation rate is 24 per cent and the purchasing power of the minimum wage has dropped 10 per cent since 1976. According to Government *studies* malnutrition has risen to affect over 40 per cent of the 70m population.

Sr. Garcia complains about a recent 100 per cent rise in the price of sugar and the accelerating cost of such basic foods as the maize tortilla pancake, a staple of the Mexican diet. Even Sr. Fidel Velazquez, Mexico's veteran union boss who is closely allied to the ruling Institutional Revolutionary Party (PRI) has begun to talk of a "dangerous explosion" if basic commodity prices continue to rocket beyond wages.

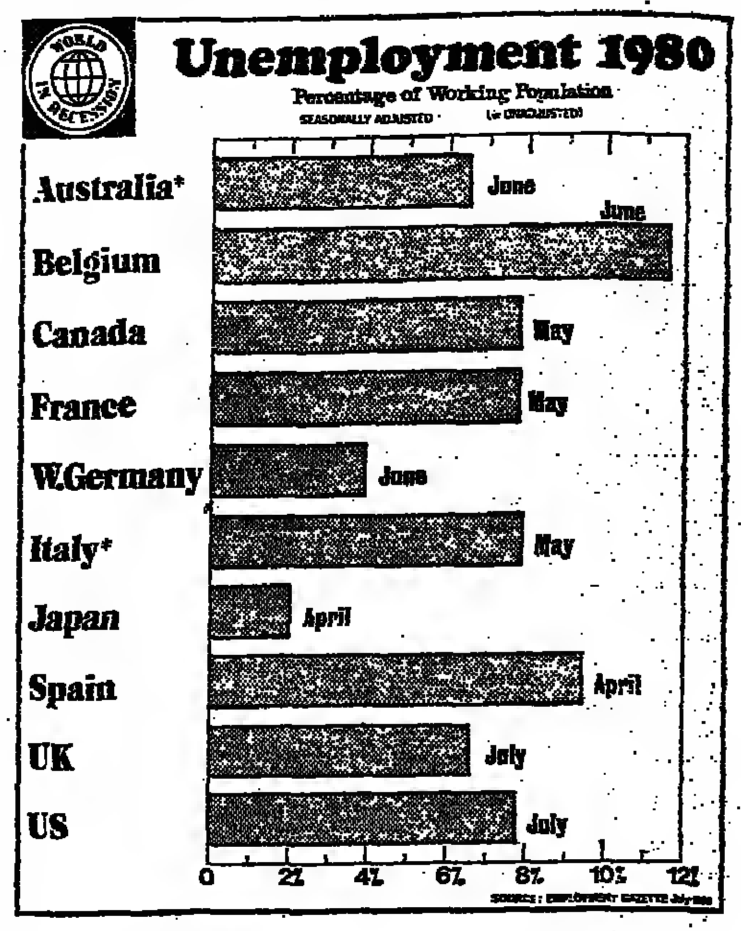
As in other Latin American countries, worsening rural misery is driving people off the land in search of better conditions elsewhere. Hundreds of thousand—nobody knows the real figure—head north each year to join the army of illegal Mexican immigrants working in the southern United States. These "braceros" provide a major safety valve for the Mexican economy.

More often, the poor make for the over-crowded big cities to scratch out a living in the ranks of the underemployed. Some 1,000 new inhabitants arrive by the day in Mexico City, a polluted sprawling metropolis of about 14m already bursting at the seams.

The lucky ones find steady work, usually in menial jobs as maids, waiters and market porters. The others make ends meet in any way possible, frequently taking to the streets. Drivers stalled in Mexico City's unnerving traffic jams are regularly assailed by trinket vendors, performing fire-eaters and by ragged children who clamber on to cars uninvited to wash the windscreen with a bucket of dirty water.

Sr. Garcia gave up the struggle to make a living working his family's small-holding in 1965 and brought his wife to the capital where he found work on building sites and had his first children.

Jobs gradually became scarcer and he sent his family back to the village where the boys went to primary school and learned to read and write—skills he *himself* does not *possess*. He now needs a minimum of 5,000 pesos (about £100) a month to feed the family, but rarely manages to come up with it.



Figures not always what they seem

DAVID DODWELL

THE NUMBER OF people out of work in some parts of the industrialised world is now climbing to levels not seen since the Great Depression in the 1930s.

But the true extent of the problem is not easy to measure. Governments compile their statistics in *different ways* making international comparisons difficult. And in the Third World the very concept of "unemployment" is often an unreal one.

Most Third World countries make only a tentative attempt to measure unemployment. Their problem is rather a vast army of underemployed—the majority of people in the world—who eke out a precarious existence. As one World Bank economist noted this week "anyone in a country like India who is genuinely unemployed is dead."

In the industrialised world, meanwhile, the unemployment figures are by no means always what they seem.

By the Belgian Government's definition, for instance, unemployment stood at 7.3 per cent in June. The EEC calculation made it 8.4 per cent, while the OECD put Belgian unemployment for the same month at 11.0 per cent.

Some governments glean figures only from unemployment exchanges, noting only those who formally register as unemployed. Some conduct sample surveys across the population. (The U.S. takes such a sample, but excludes people who have not actively sought work in the past four weeks). Other countries include only those who register for unemployment benefits.

School leaving ages and retirement ages can greatly influence statistics, as can the entry of more women into the salary-earning labour force. In countries where the extended family still provides an umbrella of support, or where there are no state benefits for the jobless, there may be no overriding *incentive* to register as unemployed in the first place.

Japan's exceptionally low unemployment level is in part a consequence of these factors.

Most governments recognise that certain kinds of unemployment are less serious than others. For example, "frictional unemployment" — unemployment recorded when a person moves from one job to another—can be purely temporary. It may even be a healthy symptom of a high level of labour mobility.

Similarly, seasonal unemployment *may* not be a cause for concern. Certain industries—like construction, or tourism—are traditionally seasonal.

Of far greater concern is "structural unemployment" — thought to affect around 40 per cent of the 6.5m unemployed in the European Economic Community. Workers in Europe and elsewhere are being laid off in declining industries like steel, shipbuilding, textiles, clothing and footwear. Many of these *will not find new* jobs unless there is a massive injection of new investment in high-technology growth industries—and only then after lengthy re-training.

Workers and unions faced with extensive redundancies in declining industries have responded by throwing up barriers to the adoption of new and highly efficient technologies. They have also reduced labour mobility as workers cling on to the jobs they have.

In developing countries, unemployment takes on an altogether different significance. Only 19 per cent of the people living in the Third World live in towns or cities, and an average of 73 per cent work in agriculture. Unemployment only has significance in that it compounds already grinding poverty.

MEN AND MATTERS

Molto allegro con fumo

The elegant scarlet-and-silver livery of du Maurier cigarettes will loom large in the music world over the next two years. Du Maurier, part of BAT Industries, has chosen for the *vehicle* of a £600,000 sponsorship the Philharmonia Orchestra, reaping fulsome praise from Arts Minister Norman St. John Stevas for "such generous patronage."

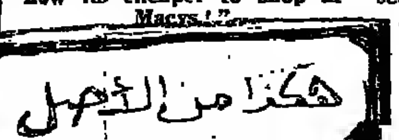
The keynote of opulence was set by a champagne junket at the Savoy, with cigarettes proffered at every turn. I was, I confess, vaguely troubled by the thought that if the campaign was as beneficial to du Maurier sales as to orchestra finances, I would have to steel myself for a crescendo in the ranks of those infuriating concert-hall coughers whose barks are guaranteed to punctuate any slow movement.

I was also moved to hope that the Philharmonia's brass and woodwind sections did not express too freely in kind their gratitude before embarking upon sostenuto passages.

Those qualms apart, the splurge is large by comparison with the £5m which the Association for Business Sponsorship of the Arts guesstimates as the total annual industry spend on arts. But it is a much smaller drop in the £80m which pressure roup Action on Smoking and Health estimates the tobacco industry spends on all UK promotion.

ASH director David Simpson says the scheme is "really sickening." But the Minister for the Arts remains unabashed by such criticism from a body *funded* by *another government* department, the DHSS, to counter just such schemes as he endorses. "Today's news," he rightly observed, "will gladden not just music lovers in London but throughout the country."

"Personally I blame Laker—now its cheaper to shop at Macys!"



Wrangler

I am always delighted to be reminded of the exemplary standards of erudition and pedantry maintained by readers of this column—even when it extends to criticism of my esteemed colleagues. I thank Roy Jenkins (not *that* Roy Jenkins) for taking to task the journalist who described the market for jeans in terms of "pairs per head." "Surely," queries Mr. Jenkins, "he meant to say 'per elbow.'"

Boxing clever

Westward Television has moles like other people have telephones—there are a great many of them, but they are of varying reliability. Yesterday was a day of bush hush meetings over the long-running saga of the ousting of Westward chairman Peter Cadbury. But they might have been held under the clock at Charing Cross for all the secrecy they enjoyed.

Focal point of the current argument is the remarkable plan of present Westward chairman Lord Harris of Greenwich and the majority of the Board to sell Cadbury's voting shares in Westward if he persists in his come-back plan to sack Harris and lever himself back into the driving seat.

The relevant clause in Westward's Articles is 30(4) which says that if the directors have reason to believe that the IBA "does not propose or intend to extend or renew" the contract for commercial TV in the West Country "by reason of any holding of or beneficial interest in or control of any share in the company," then the shares can be sold over the owner's head.

Ironically, it was Cadbury himself who had this clause written into the Westward rule-*book* in *1968*, but he and his advisers were flumoxed when the Haris camp dusted off the files and threw their ploy. The present Board is still chortling with self-satisfaction that with one uppercut it quelled both Cadbury and his comeback.

But chortling may be premature. Cadbury has only fallen quiet because he is close-combing the law books for a return salvo that will leave no room for a repeat of his usurper's fast footwork with the small print.

With September 23 the date for Westward's appearance at an IBA public meeting over its franchise renewal application, October 6 the day on which Cadbury appears in court on a charge of wasting police time, and October 17 the date for Westward's *extraordinary Board* meeting, this West Country saga of feud and intrigue could well hog the autumn ratings.

Rava avis

The Thai Government has clearly learnt a thing or two from Avis and Hertz, for word reaches me from Bangkok that Thailand is establishing "water buffalo banks"—Government-owned stocks of the beasts on which farmers will be able to draw at a minimal fee come ploughing time.

Initially, the Government is spending $2.5m on buying up an inaugural hire fleet of 6,000 buffalo. But the province chosen to launch the experiment will have to meet two conditions. Farmers in the area will have to be sufficiently poor not to own their buffalo already. And the local police will have to give firm assurances that the hire herd is protected from rustlers and bandits. An aquabovine mileage *allowance* has still to be determined.

Dishy

Are you seeking something new to titillate the most jaded palate? Bored even with the annual head-over-heels rush to get the dew-fresh grouse on to the Ritz luncheon-table by one? Australia has the answer. For this week, in Adelaide, kangaroo steaks go on sale in the shops on a six-month trial which has the blessing of the city's Board of Health. A meat which, I feel, one could only sauté.

Curt jargon

I have suffered for years now the catch-all snub that so-and-so is "in a meeting," a phenomenon most commonly observed from *3 to 4 pm*. But *I* was more than a little baffled at my first encounter with another jargonistic phrase yesterday, when invited to join a "corporate face-to-face session." Inquiry revealed that I was being invited to meet a businessman.

Pure imagination

Overheard at the Festival Hall: "I thought a virginal was a piano which had never been played."

Observer

TENSION MOUNTS BETWEEN EMPLOYERS AND THE DOCKERS

A crucial time for overmanned ports

BY WILLIAM HALL

THOS. & JAS. HARRISON'S decision to close its Liverpool stevedoring operation is, at first sight, just another small casualty of the economic recession. Yet it could mark a major turning point for Britain's heavily overmanned ports.

On economy grounds it is a sensible move if not long overdue. Most UK shipowners gave up hiring their own dockers to unload their vessels a long time ago, and the 168 dockers' jobs which will be lost in Liverpool are relatively small by comparison with the redundancies being announced in other parts of British industry.

But the implications of Harrison's decision to withdraw from stevedoring are far more serious than indicated by the number of jobs at risk. It could bankrupt the Mersey Docks and Harbour Company. And would certainly do so if another large employer in the port were to close soon afterwards.

At the monthly meeting of the Liverpool Dock Labour Board on Tuesday the port employers for the first time in recent history suggested compulsory severance as one of the options for dealing with the surplus Harrison dockers.

The trade unions, which have a blocking vote on the local dock labour board, refused to accept this as an option and the matter has been referred to the National Dock Labour Board which will be meeting shortly.

Dockers at other ports around the country are also becoming increasingly concerned about possible redundancies. Earlier this week a mass meeting of dockers at Southampton agreed to press for a national dock strike if any of the country's port workers were put on the "temporary unattached register" other than for disciplinary reasons. This follows a similar decision at Liverpool.

The unofficial national port shop stewards, committee met a week ago to discuss the issue and there is a possibility that the Transport and General Workers Union will call an official delegate conference to decide the position the union should adopt on employers' calls for voluntary redundancies.

It is eight years since the last national dock strike and threats of a national strike since then have proved groundless. However, it is clear that the problems of surplus labour in the ports are now coming to a head.

To understand the potential significance of these moves it is necessary to recall two special features of Britain's ports which set them apart from other industries. First, it is virtually impossible to sack a docker and, second, if an employer closes down other employers in the port are bound by an industry undestanding to take on the surplus dockers even though there is normally no work for them to do.

In practice this means that last year an average of 3,500 registered dock workers (RDWs)—13 per cent of the country's registered dockers—were being paid for doing nothing. In addition, the ports are employing substantial numbers of non-RDWs some of whom are surplus to requirements, although they don't have the job security of RDWs. All told out of the people working in Britain's ports—more than 50,000—something like 6,000 are surplus to requirements.

The reasons why this surplus has been allowed to persist and dockers have been awarded special privileges are rooted in history. For generations dock-work was casual employment and dockers never knew from one week to the next what their earnings would be. Clearly, there was a need to put the industry on a more stable footing but in doing so the pendulum has swung too far the other way.

Britain's ports were "decasualised" in the late 1960s but this coincided with the switchover to containers by many shipping companies which led to a further sharp fall in the number of dockers employed. Between 1965 and 1972 the number of RDWs fell by 23,000 to just over 40,000 and this led to considerable industrial unrest culminating in a national dock strike in 1972.

To help to solve the problems caused by the dockers' fears about the rapid decline in the number of jobs, a committee was established by both sides of the ports industry under the joint chairmanship of Lord Aldington, chairman of the Port of London Authority, and Mr. Jack Jones, the general secretary of the TGWU.

Although the committee recommended substantially better voluntary severance schemes to reduce the overmanning in the ports, it also ruled that if a port employer closed, the dockers' jobs would be safeguarded by transferring them to the payrolls of the remaining employers in the port. The committee also recommended that the "temporarily unattached register" (TUR) which was deeply resented by the dockers, should also "effectively be eliminated" and all RDWs allocated to registered employers.

REGISTERED DOCKWORKERS

Numbers in 1979, compared with 1965

	No.	% drop
London	17,772	70
Liverpool	8,211	58
Hull, Goole	2,516	53
Clyde	1,760	75
Manchester	1,294	56
South Wales	928	45
Tyne and Wear	850	68
All ports	36,885	58

Source: National Dock Labour Board

These proposals were implemented, the three week national dock strike was called off and, with the guarantee of a "job for life" for the remaining dockers, labour relations in the ports improved substantially. The Government granted £30m towards an improved voluntary severance scheme and over 8,000 RDWs left the industry.

However, one side effect of the Jones/Aldington report was that Britain's two biggest ports—London and Liverpool—have been saddled with excessively large labour forces. In 1972 few people foresaw the scale of the downturn in the trade of Britain's two main ports.

Between 1973 and 1979 Liverpool's trade has fallen by 41 per cent to 15.4m tonnes a year while its workforce has only been reduced by 22 per cent. Over the same period London's trade has fallen by 15 per cent to 48.6m tonnes but the PLA's workforce has remained virtually unchanged because it has had to absorb surplus labour as other port employers went out of business.

As a result, London and Liverpool are now facing very serious financial crises which have stemmed largely from the chronic overmanning in the two ports. Last year the PLA lost £11.1m, after crediting £4.2m of special Government help towards severance costs, and it has admitted that it is technically insolvent. Meanwhile the Mersey Docks and Harbour Company lost £7.5m after paying £5.6m of special severance costs. Its accounts have been heavily qualified by the auditors and it is urgently seeking government assistance. Without government help, Liverpool is likely to become insolvent for the second time within a decade, and another capital reconstruction seems inevitable.

Both London and Liverpool have no access to additional financial help apart from the Government. For the Mersey Docks and Harbour Company the closure of T and J Harrison's stevedoring operation could prove to be the last financial straw.

As the major employer in the port, the Mersey Docks and Harbour Company under the provisions of the Jones/Aldington understanding is supposed to digest the bulk of the Harrison workforce (300 if non-RDWs are included). This will only add to the 1,000 dockers and other staff who are believed to be surplus to requirements in Liverpool and will quickly sap what little financial resources the company has left.

On Tuesday, the Liverpool employers, led by the Mersey Docks company, signalled that they could not afford to reallocate the surplus Harrison dockers among the remaining employers. This is said to be the first time that all the employers in a UK port have challenged the Jones/Aldington understanding.

The solution to the financial problems of London and Liverpool is theoretically simple. Both ports need to shed a sizeable part of their labour forces very quickly. The difficulty is that the current institutional structure does not make this easy and as the Harrison case emphasises, the strains are beginning to tell.

Liverpool cannot continue carrying its surplus labour for much longer and other ports around the county are facing similar problems although to a lesser degree. Meanwhile, the trade unions which fought so hard and successfully against compulsory redundancies in the 1960s and early 1970s are not going to allow their hard won privileges to be dissipated without strong opposition.

So far the Government has largely ignored the problem. As so often happens, it takes the threat of a national dock strike or the bankruptcy of a major port to galvanise the authorities into action. Neither can be ruled out within the next year.

One of the Government's main problems is that responsibility for the ports is split between different government departments. The Minister of Transport is responsible for the bulk of the ports' activities but the key area of manpower, and in particular the operation of the National Dock Labour Board, comes under the Department of Employment.

Until now the Ministry of Transport has been the main department coping with the port's growing financial crisis and it has adopted a very pragmatic approach emphasising the inconsistencies in Government policy.

In the case of the PLA the Government has felt obliged to honour the previous administration's commitments. It is supporting the port with up to £70m (largely through help with severance payments) but beyond that has said there is no more money.

In many respects London has a good case for special Government help but it has also been favoured for political reasons over the years. The sensitivity of a handful of constituencies where the dockers live has unnecessarily delayed the closure of London's two enclosed upper dock systems.

If London's surplus manpower could be shed quickly—a course which would be strongly resisted by the unions—the PLA would have a very bright future as a port. The downstream docks at Tilbury are ideally situated to capture trade.

By contrast the problems of Liverpool are more intractable and its financial problems more pressing. It has suffered, in common with other West Coast ports, from the shift of trade to ports in the South and East.

Liverpool feels, with some justification, that it has been unfairly treated by comparison with London which has received substantial government help to shed labour. The port is now seeking government aid ostensibly to "modernise" the port but in fact to stave off bankruptcy. A study by the National Ports Council is expected to support its case when it is published later this year.

Apart from ad hoc help to ports in difficulties the Government is also moving towards giving the ports more control over their own affairs. To this end it has taken the somewhat surprising decision to scrap the National Ports Council (NPC), which was the one body that was supposed to advise government on ports' problems.

Although the NPC never developed into the powerful body that Lord Rochdale envisaged after his 1962 Inquiry into Britain's ports, it has carried out worthwhile behind-the-scenes work on such matters as comparison of port performance and has been instrumental in establishing North Sea oil terminals in places like the Shetlands.

Ostensibly the abolition of the NPC is supposed to save money and increase the efficiency of the ports. However, the move is likely to do the opposite. As quangos go the NPC was relatively cheap (a staff of 60 costing £1¼m a year). Its functions are to be taken over partly by the Ministry of Transport and partly by an enlarged British Ports Association (BPA).

The BPA is taking on extra staff to undertake its new role and once these are paid for, and the costs of compensating the dismissed NPC staff are calculated, it is probable that Britain's ports will be paying more than they were under the old regime.

If the Government had been really intent on deregulating the ports it would have been far better advised to axe the National Dock Labour Board (527 staff costing £4.3m) which is a far bigger quango than the NPC and a far more important obstacle to increased efficiency in the ports.

THE STATE OF BRITAIN'S MAJOR PORTS

	Surplus Dockers	Tonnage* (m. tonnes)	Profit (Loss) £m
London	1,040	17.0	(11.1)
Tees & Hartlepool	256	10.4	4.0
Grimsby	137	9.7	4.9
Liverpool	619	9.1	(7.5)
Dover	N.A.	5.8	1.6
Port Talbot	N.A.	5.6	2.3
Felixstowe	N.A.	4.9	1.5
Manchester	163	4.6	1.5
Clyde	47	4.5	2.1
Southampton	151	4.3	(0.7)
Forth	N.A.	3.7	1.6
Bristol	161	3.1	(7.7)
Hull	285	3.1	(1.9)

* Non-fuel.
Source: National Ports Council, National Dock Labour Board, published accounts

Letters to the Editor

North Sea oil

From Professor G. Maynard

Sir,—In their paper "The economic implication of North Sea oil" (which was summarised and commented on favourably by Samuel Brittan in your issue of July 3), Messrs. Forsyth and Kay provide the best analysis so far published of the impact of North Sea oil on the British economy. Even so, they must leave some of their readers puzzled since they do not resolve the paradox that despite the enormous benefits being received from oil the plight of the UK economy seems to get worse and worse.

Messrs Forsyth and Kay argue that the growth of North Sea oil production must lead to a contraction of Britain's manufacturing sector, the rise in the real exchange rate, which is causing so much consternation, being no more than the instrument for bringing this about. This argument, however, is true only on the assumption that Britain's non oil domestic production is constrained by domestic economic factors. If, prior to the onset of North Sea oil, the growth of our non oil economy had been constrained by the balance of payments (i.e. by a failure of our exports to increase fast enough to match rising import requirements as domestic production and expenditure rise), then the progressive replacement of oil imports by North Sea production would free export revenue to cover increases in other imports which would then allow domestic production and expenditure to rise.

Indeed, domestic production and expenditure could grow by a multiple of the saving in oil imports depending on the marginal import content of our expenditure; and the more the saving in oil imports is absorbed in this way, the less is the need for the real exchange rate to rise. Certainly, in this process our non oil balance of payments must worsen to offset the improvement in oil account, assuming no change in our overall current account position; but in the circumstances postulated, the associated contraction of our manufacturing sector would be relative only (i.e. relative to a larger GDP) and not necessarily absolute.

Messrs Forsyth and Kay rightly reject the existence of a balance of payments constraint but unfortunately do not make it clear how output can be constrained by domestic factors, given the existence of growing unemployment of labour and less than fully employed capital equipment. Samuel Brittan has repeatedly and in my view correctly identified the fundamental constraint as being too high a level of own product wages in the manufacturing sector (i.e. too high in terms of manufacturing output, not necessarily too high a level of real wages overall or too high a disposable real wage income) and too low a real return on capital.

Determination of the manufacturing labour force to maintain an unrealistically high real wage in terms of manufacturing output not only contributes to unemployment but also to inflation; while the determination of the Government to meet that inflation by a policy of high interest rates produces, at any rate temporarily, an even higher real exchange rate than would otherwise be the case. This further lowers the profitability of capital, and further reduces the ability of UK manufacturing industry to respond to demand. We have in fact a vicious circle operating, in which both real incomes and employment are pushed lower than need be.

Undoubtedly Government policy has contributed to our problems. By being too hasty in redistributing the tax burden from direct to indirect taxes and in raising public sector prices, it forced an untimely fall in the disposable real income of the mass of the labour force. Not only did this add to inflationary expectations, so complicating the operation of monetary policy, it also triggered off money wage demands which raised own product real wages in the manufacturing sector, so helping to reduce profitability.

It would perhaps have been wiser to have made haste more slowly, giving priority to maintaining after tax disposable real wages so as to moderate money wage demands, and reducing inflationary expectations. Rapidly growing North Sea oil income could then have been relied upon to reduce the overall burden of taxes and public sector deficits.

(Professor) G. W. Maynard,
University of Reading.
Whiteknights,
Reading.

Praise the treasurers

From Mr. C. Dobson

Sir,—My comments are prompted by remarks in the Lex column (August 12) and by Peter Riddell's article "Government borrowing higher than expected" on the same day, about the local authority contribution to the rise in the central government borrowing requirement during July.

The total amount of local authority borrowing from the National Loans Fund (through the Public Works Loans Board) is pre-determined by central government. The timing of this borrowing throughout the year must also comply with a centrally approved pattern which is designed primarily to avoid "bunching." The level of interest rates charged is set, and regularly changed, to reflect gilt market movements.

The drawing of funds by local authorities during July complied absolutely with the above rules and therefore I feel it is wrong to imply irresponsibility on their behalf for utilising their entitlement and it is certainly unreasonable to suggest that in doing so they are helping to keep interest rates high.

I shall be surprised if PWLB borrowing is not substantially lower during the next six weeks but not at all shocked if, despite this, the Government sees fit to issue sizeable new stocks at necessarily appealing levels not least in an effort to get monetary statistics back on course.

Lex registers surprise that in these corset-free days the local authority treasurers seem not to be willing to borrow more from the banks—presumably for shorter periods than those available from PWLB, and states quite correctly that "they would normally prefer long borrowings from the NLF only when they did not expect interest rates to fall."

Even if banking offers were available at competitive rates and on the right terms, the treasurer's will is irrelevant. His ability to take advantage of such offers is severely impaired by following the "voluntary code of practice" introduced in 1977 to comply with central government wishes that the maturity pattern of local government borrowing should be progressively lengthened. To this end, regrettable though it may be, he does sometimes have to take long money regardless of his own view on interest rate prospects.

Peter Riddell's linking of NLF borrowing to "overspending by many councils" can only be understood if one assumes that he may have confused capital spending with revenue spending—the latter being the component of local authority finance which these days is under so much fire. The borrowings included in the central government borrowing requirement are of course for capital purposes and can never exceed central government approved loan sanctions.

The plain fact is that local authority treasurers have, for the best reasons, been positive in their approach during July. They judged that this was the time to borrow their long fixed rate money and looking at the interest rates offered on similar loans at the time of writing they should, for once, be praised—not least by rate-payers.

Chas. Dobson,
Butler Till,
Adelaide House,
London Bridge, EC4.

Local authority borrowing

From the Treasurer, Gloucestershire County Council.

Sir,—The headline "Funding the Town Hall deficit" (Lex, August 12) assumes that there is one. It also appears to assume that the borrowing figures for July relate to revenue spending. They do not. Local authorities levy rates and set budgets for their revenue spending and include provision for inflation. Mr. Heseltine's "overspending" referred to on the front page of the same paper is not an overspending in terms recognised by the business community. It is merely one person's view of the declared budget. The money is already raised.

To turn to the borrowing from the National Loans Fund. Surely you are aware that this can only be used to fund capital expenditure, the creation of fixed assets. We have borrowed from the National Loan Fund in July 1980 because the long-term rates had come down. In 1979 they had just gone up. What is more, we are restricted by Treasury regulation or voluntary code which is Treasury-induced in two ways. Our under-three-month borrowing is limited to 15 per cent of outstanding debt or our previous year's capital payments, and our under-one-year borrowing is restricted to 20 per cent or one-third, an additional 5 per cent in other words. The "voluntary code" requires all local authorities to extend their debt profile to six years' average and, therefore, it is not surprising that we go to the National Loans Fund when the interest rates have reached what appears to be, and with the benefit of hindsight was, a low point.

The publication of "knocking copy" does absolutely nothing for the Government's economic problems and merely creates adverse publicity affecting the status of local authorities in the money market.

T. N. Hobson.
Quayside Wing, Shire Hall,
Gloucester.

Banking in Sri Lanka

From the Director, Information, Central Bank of Ceylon.

Sir, — I refer to the item appearing on July 11 under the caption "Sri Lanka warns foreign banks." According to this a senior Cabinet spokesman has said that "unless foreign banks newly arrived in Sri Lanka cease to pay interest on current accounts, the Government will introduce a law to stop them doing so at once."

As you are well aware, Sri Lanka now follows an open economic policy, under which foreign banks and investors are welcome in the country. The news item referred to, however, gives an impression that Sri Lanka has discriminated against foreign banks by threatening them with legislative action if they do not refrain from paying interest on current accounts. This position is not correct.

Two new foreign banks in Sri Lanka have offered to pay a very high rate of interest on current accounts to a few selected clients of theirs. If this became a general practice, and if all commercial banks in Sri Lanka followed suit in competition, this would have raised their costs needlessly with no advantage to any bank. As a result, commercial bank lending rates in the country would have risen very sharply and put further pressure on prices. This matter was carefully examined by the authorities and the central bank advised all commercial banks, local and foreign, to refrain from paying interest on current accounts or adopting similar measures, which might ultimately prove to be counterproductive. In other words, this request of the central bank was not aimed at the newly arrived foreign banks only.

I may also mention that there is no need to introduce any new laws to prevent any bank from paying interest on current accounts. Such legal authority is already vested in the central bank.

Manil Silva.
Central Bank of Ceylon,
Colombo, Sri Lanka.

The price of milk

From the Director General Dairy Trade Federation

Sir,—Anthony Rosen (August 12) could mislead your readers into thinking that farmers will receive less than 7p out of the new milk price of 17p per pint. Dairies are buying milk for the liquid market at a price above 8½p per pint as compared with the EEC target price of 8p per pint. Less than half of our milk now goes to the liquid market and the rest, which is largely used for butter and cheese, reduces the average return to the farmer. In addition, the Milk Marketing Board has to cover the costs of transport and administration, and it retains money in the summer to pay producers in winter. The Milk Marketing Board is also still paying for the creameries which it purchased last year.

We certainly do not want to see milk producers going out of business, since milk is our only raw material. The recent 3 per cent increase in the retail price of liquid milk is insufficient to allow dairies to recover the extra costs they have had to face since April this year.

John Owens.
Dairy Trade Federation,
19 Cornwall Terrace, NW1.

Today's Events

GENERAL

U.K.: Provisions of the Employment Act coming into force today include unfair dismissal relating to trade union membership, repeal of recognition procedures, and repeal of Schedule 11 of the Employment Protection Act (section 7, 19(b) and 19(c)).

Mr. Bassam Shaka, the Mayor of Nablus injured by a terrorist bomb, speaks in London.

The Queen and the Duke of Edinburgh disembark from HMY Britannia at Aberdeen and travel to Balmoral Castle.

Custom and Street Rod Show (specialist cars) opens, Bristol (until August 17).

Overseas: President Jimmy Carter makes speech accepting Democratic Party nomination as presidential candidate, at closing session of convention, Madison Square Garden, New York.

United Nations debates Israeli annexation of East Jerusalem, New York.

Swedish Government discusses raising VAT to 22 per cent.

Deadline for New York to produce plan to avoid next year's budget deficit.

Mr. Peter Bird, a Londoner, starts 8,000-mile row from San Francisco to Australia.

OFFICIAL STATISTICS

Department of Employment publishes the retail prices index for July. Central Statistical Office issues the tax and price index for July. British Steel Corporation and British Independent Steel Producers Association release usable steel production figures for July.

COMPANY MEETINGS

John Beales, Peverll Works, Peveril Street, Nottingham, 12. Davenport Knitwear, Allen House, Newarke Street, Leicester, 11.30. Godfrey Davis, Bushey House, Bushey, Watford, 12. May and Hassell, Grand Hotel, Broad Street, Bristol 12.

COMPANY RESULTS

Final dividends: Phoenix Timber, Pifco Holdings. Interim dividends: Corah, P.B.W.S. Relyon.

LUNCHTIME MUSIC, London

Concert by Malcolm Burnock Orchestra, Tower Place, EC4, 12.00 pm.

Recital by John Franca, cello, St. Lawrence Jewry, Gresham Street, 1.00 pm.

Organ recital by Suzanne Ozorak, St. Martin-within-Ludgate, 1.15 pm.

Third-quarter fall at BOC

A SHARP downturn in the U.S. economy and lower trading activity in the UK has hit third-quarter results of **BOC International**, the industrial gases and engineering group.

Profits before tax in the third quarter to June 30, 1980, were down from £19.1m to £16.6m with the nine-month total down from £51.4m to £47.7m.

The directors comment, however, that if depreciation had been charged on historical cost rather than replacement cost, nine-month pre-tax profits would have been up from £69.4m to £71m.

They report that the impact on third quarter profits was most dramatic on the U.S. and UK welding and carbon businesses. But in spite of lower profits from the U.S. gas activities, profits in the group's total gas business were ahead of those of 1979.

Third quarter sales fell from £300m to £291.9m, giving a figure for the nine months of £907.8m (£924.1m).

Trading profits for nine months dropped slightly from £89.9m to £89.3m, struck before interest charges of £41.6m (£38.5m). After tax down from £23.5m to £18m, net profits moved ahead from £27.9m to £29.7m.

Earnings per 25p share are shown to be up from 7.16p to 7.4p on a net basis.

In the last full year to September 30, 1979, a pre-tax profit of £72.7m was achieved on sales of £1.23bn. A total net dividend of 4.2p was paid.

At the halfway stage this year, an interim dividend of 2.1p was paid.

The directors say that compared with the corresponding nine months of 1979, pre-tax profits to June 30 were adversely affected by £2.5m due to exchange rate charges, £7m due to higher interest rates, and extra depreciation of £2.6m. However, profits benefited from a reduction in interest of £3.9m because of lower borrowings.

If the results were calculated on a full CCA basis (including adjustments for monetary working capital and gearing) pre-tax profits for the nine months would have been £46.8m.

The directors report that the group is engaged in a number of continuing activities aimed at a major improvement in productivity and cost reduction. These programmes, they say, involve shut downs and relocations as well as redundancies.

The group is also selling or liquidating a number of product lines and businesses which either fall outside the group's long-term strategy or have poor prospects. About £10m has been set aside to cover the anticipated cost of these sales or liquidations, and this provision will be shown in the annual accounts as an extraordinary item.

Trading profits were split geographically between: Europe £24.2m (£22.7m), Africa £12.7m (£10.3m), Americas £35.3m (£41.6m), Asia £1.1m (£1.2m), and Pacific £16m (£14.1m).

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Reardon Smith comes back in profit

AS INDICATED, second half results of **Reardon Smith Line** showed an improvement over the £1m midway loss, and for the March 31, 1980 year the group achieved a £2.18m turnround from a £2.06m loss to a £118,000 pre-tax profit—comparative loss at halfway was £1.96m.

Excluding the group's drilling rig operations, which were disposed of in January, 1979, the comparative year-end loss is shown to have increased to £2.67m.

Turnover for the year improved to £22.06m (£18.18m)—excluding rig operations, total for 1978/79 was £16.99m.

The directors say due to forward commitments, the group is not always able to take immediate advantage of any upturn in freight rate levels and, although the improvement in the freight market has been maintained during 1979/80, it was only in the latter part of the year that the full benefit was felt.

The improved year-end results should continue in the current year, they state, and in spite of fluctuations in the past month, first-half results are expected to be satisfactory.

While they say it is difficult to predict results for the second six months, they would anticipate the maintenance of the improved position.

Profits from trading, sale of ships, and investments were just ahead from £2.24m to £2.29m, and were split as to £1.78m (£2.2m), £161,000 (£189,000 loss), and £355,000 (£213,000) respectively. Interest charged was lower at £1.94m against £2.88m.

After a tax credit of £221,000 (£5,000 charge), and an extraordinary debit, last time, of £967,000, the attributable balance was £339,000 against a £3.03m loss.

Earnings per 50p share are shown as 4p (25p loss) and the dividend is again 0.1p net—agreement was reached with the group's secured lenders for a further deferment of loan capital repayments until the end of 1980, one of the conditions being the restriction on the amount of dividend paid.

The directors say that the strength of sterling against the U.S. dollar generally had an adverse effect on results. And increases in all group costs continued during the year.

The annual accounts will show the full benefit of the restructuring of the company's assets. The directors do not anticipate that it will be necessary to dispose of any more vessels—Eastern City and Vancouver City were transferred to their owners in July, 1979—except when it is appropriate for replacement purposes.

The final result of the company's actions will show a better balance between the outstanding loans and shareholders' interests and the recent review of the revaluation of the fleet indicates that the gearing ratio has improved to 1:2.5 of loans against market values.

The directors say the accounts will show that the building loans outstanding are currently about £16m.

● comment

Shareholders will be relieved to see **Reardon Smith** in the black again, even if no real dividend can be paid until next year at the earliest. Disposals and firmer freight rates have substantially improved cash flow and the balance sheet looks much more stable, with shipbuilding loans down from £26m to £16m. The "A" shares trade at a discount of around 45 per cent to asset value, on yesterday's price of 71p, but the recent weakening in freight rates illustrates why the market still treats the shares with caution. The company's dry cargo vessels are on short time-charter and, with interest payments still higher than trading profits, a weak market could force the company back into the red. This looks unlikely at present, however, and it would be surprising if next year the company did not pay considerably more than the nominal dividend required for trustee status.

Louis Newmark ahead at £2.3m

AN ADVANCE of £335,000 to £2.31m in pre-tax profits is reported by Louis Newmark, electronic and precision engineer and watch distributor, for the year to March 29, 1980. Second half figures improved from £996,000 to £1.21m. Turnover for the full year was up from £26.54m to £29.53m.

The Board says the latter part of the year was affected by national industrial disputes, as a result of which some of the company's manufacturing divisions were unable to achieve their budgeted output.

The pre-tax figure is struck after depreciation up from £456,000 to £560,000. Tax was £1.25m (£1.06m), leaving £721,000 compared with £626,000.

Stated earnings per 25p share are 5p higher at 35p, and the final dividend is raised from 6p to 7p for a total of 10.5p against 9p.

● comment

Given the problems Louis Newmark had during last year's national engineering strike a 17 per cent increase in pre-tax profits is a reasonable outcome although, if anything, the previous year was even more disrupted by internal and external strikes. Ministry of Defence work has been a plus point for Newmark at a time when its traditional involvement with automotive components is being affected by the troubles of the car-makers. Manufacturing activities, which take in electronic, electro-mechanical and precision engineered equipment, produced 19 per cent better profits thanks largely to the group's greater emphasis on high technology products and sales to the aerospace industry. On the merchanting side there was also some improvement thanks to the strength of sterling holding down the price of imported watches. The current year got off to a good start with £4m order from the RAF and as long as the consumer side does not collapse, a small improvement seems possible at the half-way stage. The balance sheet is as sound as ever and the yield at 403p is 3.8 per cent—reflecting the recent strength of the shares.

Ultramar jumps £36m and expects good second half

FIRST-HALF taxable profits of Ultramar Group, the petroleum exploration and development concern, have soared from £23.8m to £60m, despite the adverse effects of a strong pound and a decline in sales volume. Although turnover went ahead from £403.9m to £450.8m in the six months to June 30, 1980, group oil sales were down from 275,000 to 205,000 barrels per day.

And there was a slight decline in second-quarter profits this year to £28.5m, compared with £31.5m in the first three months although this reflects a difference in currency translation between the two periods. Mr. Campbell Nelson, chairman, warned after the first quarter that there were some uncertainties for the rest of the year, but he now repeats his forecast that the group will do well in the second half. In the whole of 1979, the pre-tax surplus was lifted from £37.7m to £75.4m.

The interim dividend is effectively raised from 2.5p to 4p—last year a total of 7.5p was paid after adjustment for a one-for-one scrip issue. Fully diluted earnings per share are shown up from 15.1p to 34.5p.

Trading profits rose from £31m to £67.2m in the first half, and the taxable surplus is struck after amortisation, depreciation, depletion and amounts written off of £7.2m (same).

Tax charged is up from £9.9m to £24m, and after foreign exchange gains of £0.8m (£2.1m) which relate almost entirely to long-term loans repayable up to 1993, and minority dividends of £0.1m (£0.7m), attributable earnings are well ahead at £36.7m (£13.3m). Cash flow from operations jumped £23.5m to £46.2m.

The convertible redeemable preference shares issued in 1976 have been converted into ordinary shares, so no further preferred share dividends have accrued since the final payment on January 31 this year.

The group is proceeding with the sophistication of its Quebec refinery by the construction of a catalytic cracker and related equipment at an estimated cost of C$150m. The new equipment is expected to come on stream at the end of 1982.

As the first step of a ship construction programme, agreement has been reached to build two 75,250 ton oil-bulk-ore carriers in the Puerto Real shipyard in Spain under suitable credit arrangements.

Results of applications for a total of 12 blocks in the seventh round of licence allocations in the North Sea, English Channel and South Western Approaches, for which Ultramar has joined a number of different groups of companies, are expected to be announced before the end of the year.

Long-term debts amounting to £31.7m were prepaid during the first half, comprising mainly unsecured Canadian bank loans of C$30m due in 1984 and an Indonesian project loan, of which the long-term portion was U.S.$45m, finally due in 1985. The project loan is still available as a term facility until 1985, reducing by $2.7m every three months. Long-term loans at June 30, 1980 were down from £76.4m to £41.5m.

About 45 per cent of group profits for the period came from Indonesian operations, states Mr. Campbell Nelson. The Canadian and U.S. refining and marketing divisions also did well, but the results were affected by the strength of sterling when measured against dollars.

The volume of oil refined in the first six months fell to 77,500 barrels a day, compared with 92,500 in the corresponding period last year. Oil production also declined, from 10,100 to 8,700 barrels a day.

● comment

With the emergence of the oil surplus, it looks as if Ultramar's profits are now beginning to ease back after the surge in the second half of last year. While the contribution from Indonesia has continued to rise, the oil refinery in Quebec is still running well below capacity. In the second half the squeeze on downstream operations is likely to intensify, leaving after-tax profits in the region of £75m, which is not an enormous advance on last year's £45.3m once the Iranian write-offs and other non-recurring deductions are allowed for. Next year, with the end of the favourable Saudi contract, there will be downward pressure on profitability. Meanwhile, the group plans to spend heavily in the North Sea, in shipping and at its Quebec refinery, in a bid to produce profits from a more diversified front by the mid-80s. The shares rose 12p yesterday to 358p, producing a prospective p/e of about 5, after tax.

HIGHLIGHTS

Lex looks at the July money supply figures which, as expected, show a rise in M3 of 5 per cent for the month, reflecting the end of corset controls. On the company front the nine-month figures from **BOC** show profits lower by £3.7m to £47.7m, though this reflects a solid enough performance given the industrial background worldwide. Phillips Lamp reported its second-quarter results showing a substantial setback in profits. The company has kept its volume up but at a severe price to its margins. Finally Lex briefly comments on the difficulties of **BPC** which yesterday reported a £6½m loss at the half-way stage and has passed the dividend. **Moorgate Mercantile** has popped up with a £½m rights issue and £5.4m syndicated loan and other important news came from **Ultramar** with more than doubled profits and **Automotive Products** with more than halved profits. UDT shares started trading again yesterday after the news of the TSB deal; they closed at 48p, against a suspension price of 61p.

Ratcliffs (Gt. Bridge) down to £65,000

THE YEAR-END pessimism expressed by the board of Ratcliffs (Great Bridge), manufacturer of brass and copper strip, has been borne out with the first half pre-tax profits falling from £336,000 to £65,400. Although tax was considerably lower at £70,700 compared with £416,900, the company suffered a net loss of £5,300 against profits of £419,100.

There was an exceptional metal loss of £124,650, and redundancy and termination payments amounting to £36,600, but these items have not been included in the first-half figures. Sales in the six months to June 30, 1980 were £23.15m (£22.36m).

The board says earnings are unlikely to improve until the rationalisation programme, at present being undertaken, has been completed.

The interim dividend is cut from 1p to 0.75p—last year's total was 2.5p from pre-tax profits of £1.58m.

● comment

Stripping out the effect of spring copper price increases, volume at Ratcliffs is down by 20 per cent at the halfway stage. Given the dependence on the automotive industry on both sides of the Atlantic, the fall was only to be expected although the Canadian experience has been less gloomy (which impinges heavily on the group tax charge) and the North American car market is expected to pick up quite quickly. The damage in the UK has been inflicted largely by export difficulties caused by a strong currency and there is probably little Ratcliffs can do to restore export sales to their 40 per cent norm until supplies are re-aligned. Recovery hopes must be pinned, first, on the U.S. auto market's revival and, over the medium term on efforts to diminish the 70 per cent UK sales emphasis in the vehicle market. It seems a tall order but at least the closure of Enfield Rolling Mills boosts prospects of further development in electrical and decorative products. The policy of excluding metal profits is especially vindicated in current circumstances but the shares may still prove vulnerable despite a 5p drop to 46p yesterday. The track record is not inspiring; the chances of speculative excitement look slim given the Board's controlling stake and the income argument is somewhat less than convincing. If, for example, Ratcliffs pays 1.5 net per share this year, the prospective yield is just 4.7 per cent.

Moorgate Mercantile seeks to raise £5.9m

MOORGATE MERCANTILE, the instalment credit and insurance group, is raising £5.9m through a rights issue and a syndicated credit facility. The funding exercise marks the end of a long process of rehabilitation for the company, which ran into acute liquidity problems at the end of 1973.

Since that time, Moorgate has relied exclusively on secured credit to finance its business but this is all being replaced by the new, unsecured facility of £5.4m. The rights issue, which is being made on a one-for-four basis at 14p, will raise a further £0.5m. It is being underwritten by British Linen Bank.

Moorgate was an early casualty of the secondary banking crisis and its shares remained in suspension from December 1973 until September 1977. It pulled through thanks to an informal agreement with its creditors.

These have now been paid off in full and the rights issue proceeds will be roughly equivalent to the last payment made to them in March this year. That payment was the last step in wiping the balance sheet clean. Last year the company eliminated its retained losses by the virtual cancellation of its share premium account and resumed dividend payments.

Moorgate currently has secured borrowings of £3.9m, so the rights issue and credit facility will together leave the company with £2m for future expansion. The new loan will be considerably cheaper to service than Moorgate's existing debt. It is being managed by British Linen and has been syndicated among 10 banks, several of which are already providing the company with funds.

Outlook for LCP profits

LCP Holdings would improve "the quality of profits" for the current year even though they would fall below the level of last, according to Mr. David Rhead the chairman.

Increased contributions from the group's property, distribution and overseas operations would give a better balance to earnings, he said yesterday. The recession in the UK meant L.C.P.'s activities in construction, metals and vehicle distribution were facing very difficult trading conditions.

Mr. Rhead said the second half of the year would show an improvement over the first six months, but he expected profits to be down for the year as a whole.

The Financial Times regrets that the headline on the report of L.C.P.'s annual meeting in yesterday's paper referred to an anticipated loss this year. It should have referred to lower earnings for the current year.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
AGB Research	3.5	Oct. 14	3	6	4.4
W. G. Allen	2.31	Sept. 17	2.16	3.11	2.96
Automotive Prods. int.	1.5	Sept. 25	1.5	—	3.18
BPC int.	Nil	—	1.1	—	3.5
Carrington Invs.	Nil	—	2.4	Nil	2.4
Malaysia Rubber	2.5	Oct. 10	2.5	3.5	3.25
Louis Newmark	7	Oct. 17	6	10.5	9
Ratcliffs (Gt. Bdg.) int.	0.75	Nov. 1	1	—	2.5
Rea Brothers int.	0.73	Oct. 10	0.54*	—	1.5*
Reardon Smith	0.1	—	0.1	0.1	0.1
Squirrel Horn int.	0.75	Oct. 3	0.75	—	1.81
Stenhouse Hldgs. int.	1.82	Sept. 29	1.82	—	4.53
Ultramar int.	4	Nov. 7	2.5*	—	7.5*

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

BPC incurs £6.5m loss

AS FOREWARNED at the annual meeting, substantial losses have been incurred by BPC, the printing, packaging and publishing group, in the first six months of 1980. Following on its May announcement that heavy losses of some £3m had been sustained due to disputes in the industry, the group ended the 28 weeks to June 28 with a pre-tax deficit of £6.54m, compared with profits of £60,000 last time.

At the AGM, Mr. Peter Robinson predicted a return to profitability in the second six months of this year, but he now says that the immediate outlook is poor and it is now unlikely that a profit will be achieved in the second half.

Should the Observer close in the coming weeks, redundancies will become necessary at Purnell and Sons where the colour supplement is printed and where its loss would have a serious impact, he warns.

Although in the short term the group's trading position will remain very depressed, determined action is being taken. Working capital is being tightly controlled; four plants which are no longer competitive will be closed in the autumn, and redundancies have been declared in several other companies; and further action is under consideration.

In addition, on August 7, BPC announced the sale of the Jane's Publishing business which will realise around £3.15m. As the assets of this business were £0.7m, this deal will improve gearing while, in a full year, interest on the sale proceeds should offset the loss of trading profit.

As expected, no interim dividend is being paid, against a payment of 1.1p net last time. Stated loss per 25p share increased sharply from 1.3p to 16.8p. Last year's interim was followed by a final of 2.4p and 1979 pre-tax profits totalled £4.29m.

In May, the chairman explained that the interim was to be omitted as a result of the effects on the group of industrial disruption, combined with a strong pound, a downturn in trading and very high interest rates.

He now reports that during the last three months the recession has deepened with suddenness and severity, in all areas of the group's business. The national printing dispute and the inflationary wage awards which stemmed from it have made competition far more difficult in the printing and packaging divisions.

UK publishing continues to suffer difficult trading conditions, while the cutback in education and library spending and the strength of the pound have continued to affect both home and overseas markets.

However, BPC recently has been awarded the major part of the printing of the TV Times, which will be carried out at five of its companies for a seven year term from August, 1981. The most substantial part will be performed at Sun Printers.

In addition, the Sunday Times contract has been extended to involve section production which will enable much larger colour supplements to be produced from January, 1981. The effect of these two contracts at Sun Printers is expected to transform this company's results which has been loss making since 1974.

BPC has a large fixed asset base and, as and when general economic conditions recover, there should be a marked improvement in results, Mr. Robinson states.

He explains that in view of the recent interest in the BPC shares and the worsening recession, the board decided to bring forward the interim announcement as early as possible so that shareholders can be made aware of the group's latest position. Last year's interim statement was made in September.

Members are told that BPC has been advised by the Office of Fair Trading that the recent acquisition by Pergamon Press of a 29.4 per cent interest in the group's shares constitutes a merger, qualifying for reference under the Fair Trading Act 1973 and is being investigated.

External group sales for the 28 weeks improved from £91.26m to £98.55m. The group's printing side incurred a turnround from profits of £1.69m to a loss of £1.08m, while the loss from publishing surged from £150,000 to £1.85m. Packaging division profits dropped from £826,000 to £278,000.

	28 weeks 1980	26 weeks 1979
Sales*	98,553	91,261
Trading loss	2,649	12,364
Share assc. losses	30	‡22
Interest charges	3,630	2,169
Exceptional debits	219	158
Loss before tax	6,537	†60
Tax charge	102	430
Net loss	6,639	370
Minorities credit	136	‡79
Pref. dividends	75	75
Exchange gains	48	§778
Making loss	6,530	1,302

*Excluding intergroup. †Profits ‡Debit §Losses

No closure decisions had been actioned before June 28 and these costs will therefore be dealt with as extraordinary items in the second half, as will the surplus upon the sale of the Jane's Publishing business.

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Liggett ahead in second quarter

RESULTS of Liggett Group, the U.S. concern which has been acquired by Grand Metropolitan, show an improvement in operating income from $19.86m to $21.81m for the second quarter of 1980. Only one month of these three, from June 1, will be incorporated in Grand Met's accounts.

Income for the corresponding period last year was struck after charging the $7.2m costs of consolidating the group's domestic cigarette operations.

Net earnings were well ahead at $22.89m ($6.13m) after a number of extraordinary items arising to a large extent from the acquisition.

Corporate expenses of £19.64m ($3.08m) included after-tax charges of $8.6m for expenses related to the tender offer by Grand Met and subsequent merger proceedings, including a consideration for cancellation of stock options.

Other charges included income tax of $13.88m ($6.47m) and interest of $3.74m ($4.5m). The sale of Austin, Nicholls and Co. to Pernod Ricard on May 5, produced a gain of $34.6m, or $22.8m after tax. Interest income amounted to $2.59m ($120,000) and other income $1.14m ($74,000 loss), including a $1m pre-tax gain on the purchase of debentures to meet future sinking fund requirements.

The operations of Leach Industries, purchased in March for $9.6m, are included in the accounts from the date of purchase but their effect is not material.

Net sales slipped from $265.93m to $261.11m, of which Austin, Nicholls contributed $4m against $11m.

Operating income was also struck after expenses of $65.69m ($63.69m) and cost of goods sold, $173.61m ($175.19m).

After the inclusion of retained earnings from the beginning of the period of $317.91m ($283.25m) and deducting the cost of dividends, there is a balance of $335.11m ($283.8m).

Slump in domestic demand puts Automotive 60% lower

A SHARP fall off in domestic demand and high interest rates are blamed for the severe drop, as forecast, in pre-tax profits of Automotive Products, vehicle and aircraft equipment manufacturer. In the 26 weeks to June 27, 1980, taxable profits dived 60 per cent from 7.88m (25 weeks) to £3.17m, although sales advanced from £98.01m to £116.08m.

The fall off in demand was mainly in the second quarter, says the board, and other adverse factors were the pressures on export margins resulting from the hardening of sterling and the rising UK inflation rate. Direct exports amounted to £26.4m compared with £22.2m.

Although new original equipment business from continental Europe continues to come on stream, the depressed state of the motor industry throughout EEC countries and North America is reflected in relatively low manufacturing levels in all the group's automotive factories.

The board says action is continuing to adjust manpower levels and organisation structures to the reduced level of activity which is foreseen as continuing through to the end of the present financial year.

They say, however, that there are some indications that the sharp downturn in replacement parts demand, which commenced in April as wholesalers and retailers alike slashed stockholdings in the wake of soaring interest rates, may be coming to an end.

Interest in the new AP automatic transmission design is running at a high level and detailed development has now begun on specific new model applications in conjunction with the design engineers of the vehicle manufacturers concerned.

There was a nil tax charge in the first half compared with £1.16m last time. The interim dividend is unchanged at 1.5p—last year's total was 3.17788p from pre-tax profits of £12.63m.

● comment

On an historic yield of 7.5 per cent at an unchanged price of 62p yesterday, the market has been betting quite heavily on a maintained dividend from Automotive Products. The interim results are as unpleasant as expected and probably represent a small loss on a current cost basis. The problems, serious as they are, are well enough known. AP is probably working slightly below break even point or at about 80 per cent of capacity and is operating a four-day week in the manufacturing divisions. The cost of around 1,000 redundancies will be born in the second half and the replacement parts market, about 60 per cent of total sales, stands little or no chance of picking up without a cut in interest rates. AP is looking for such a fall in the fourth quarter but it is holding out little or no hope of a quick recovery elsewhere. And yet the £20m capital spending target will be hit, the Board is expecting a £14m cash outflow this year and what was a rather strong balance sheet will be 40 per cent geared, or more, come the year end. First half interest costs were about £5m. For all that, AP is acknowledged to hold attractive medium term prospects, especially in automatic transmissions, and the result of good, tight, management has been to shift the sales base substantially out of the domestic OE market. Investors face the alternative of holding on for recovery or lightening holdings now with a sharp eye for lower price purchases in, perhaps, 12 months time. The message, however, for income funds is fairly clear.

Squirrel Horn down £137,711

PRE-TAX PROFITS for Squirrel Horn, the sugar confectionery, toffee and chocolate manufacturer, fell by £137,711 to £160,186, compared with £317,897, for the half-year to June 30, 1980, after depreciation of £75,278, against £61,610.

Turnover was £3m (£3.04m) and tax took £93,696, compared with £165,310. The interim dividend is held at 0.75p net. Last year's final was 1.0625p, and pre-tax profits totalled £381,000.

AGB Research year-end profits up £664,500 to £2.9m

WITH INCREASED turnover at £29.19m against £20.50m, AGB Research, the market research and publishing group, reports a rise of £664,500 to £2.90m in pre-tax profits for the year to April 30, 1980.

Profit margin was down 1 per cent at 9.9 per cent. Tax took £1.36m against £1.27m.

Earnings per share were better at 12.19p (8.75p). The dividend is increased from 4.4p to 6p with a final of 3.5p. A one-for-three scrip issue is proposed.

A divisional analysis of profit shows: market research £1.91m (£1.59m); publishing £755,600 (£630,300); information systems, including specialised computer services £127,600 (£50,300); marketing services, including conferences and exhibitions £106,100 (£30,200 loss).

These results include a contribution from Trenton Group, acquired in November 1979. The current year (1980-81) will include full-year contributions from Trenton Group and also from Langton Information Systems, acquired in April 1980.

The attributable balance was £1.44m (£983,700) after minority profits of £104,400 compared with losses of £11,600. After dividends of £764,800 (£480,700) the retained amount was £674,200 (£503,000).

Folowing the rights issue in March and the retention of earnings for 1979-80, shareholders' funds have more than doubled from £4m to £8.6m at April 30, 1980.

● comment

With a fully taxed p/e ratio of 20.4, AGB shares are hardly cheap, but the group can point to an unbroken record of growth since it went public a decade ago. Even under current recessionary pressures, the company continues to prosper, although part of the pre-tax rise was fuelled by overseas market research business. In the publishing division, earnings were helped by increases in cover prices and advertising rates for the 32 trade journals. A first-time, six-month contribution of around £100,000 from Trenton helped turn last year's small loss in the marketing services division into a positive showing. Having now exceeded the profits forecast issued at the time of its £3.6m rights issue in February, AGB plans to continue to build up its European network, particularly in the field of television audience measurement. In the next few weeks the company will reveal new market research-related acquisitions abroad, which should help profits at year-end. At yesterday's price of 192p, up 7p, the shares yield 4.5 per cent, which reflects the emphasis on the growth aspect of the company.

Imry moves over £1.2m at year-end

WITH second half pre-tax profits of Imry Property Holdings advancing from £471,035 to £643,645, figures for the full year to March 31, 1980, are up from £750,035 to £1.22m. At half-way, taxable profits were £299,000 higher at £578,000. Gross income was higher at £2.17m compared with £1.56m.

The pre-tax figure is struck after administration and finance charges amounting to £921,110 (£796,171).

Stated earnings per 25p share are up from 8.4p to 12p, and the final dividend is raised from 4p to 5p for a total of 7.5p (5.2p) net.

The board is of the opinion that the aggregate value of the group's properties as at March 31, 1980, together with the investment in the associate company, exceeds the book values by approximately £43.4m.

W. G. Allen recovers to finish year at £0.67m

A SECOND half rise from £381,590 to £455,974 has enabled W. G. Allen and Sons (Tipton), engineering concern, to lift taxable profits slightly from £660,590 to £667,974 for the year ended March 31, 1980. External sales totalled £8.74m against £7.88m.

At half-way profits had fallen to £212,000 (£279,000) but the directors believed that full-year results should stand comparison with 1978-79, provided steel and other industrial disputes were not unduly disruptive.

Mr. T. C. Frankland, chairman, says that in common with most other engineering companies prospects for 1980-81 are poor. A downturn in orders has forced directors to revise their budgets, "and present indications are that profits for the current year are likely to fall short of last year's level."

He adds, however, that the group is well-placed financially to withstand the severity of the recession and directors have every confidence in the future.

Profits for the year were struck after lower interest of £32,320 compared with £43,170 and subject to tax of £173,517 against £286,904. After preference dividends of £2,625 the attributable balance was £491,832 (£371,061).

After actual tax charge earnings per 25p share are shown as 13.22p (9.98p), and 8.55p (8.46p) after equalising tax charge.

The final net dividend is up from 2.16p to 2.308p lifting the total to 3.108p (2.96p) per share, which will absorb £115,614.

SPAIN

August 14	Price %	+ or −
Banco Bilbao	246	
Banco Central	248	
Banco Exterior	212	
Banco Hispano	224	
Banco Ind. Cat.	120	
Banco Madrid	141	
Banco Santander	276	
Banco Urquijo	139	
Banco Vizcaya	236	
Banco Zaragoza	215	
Dragados	104	+1
Espanola Zinc	63	
Fecsa	63	
Gal. Preciados	24	+0.5
Hidrola	68.2	+0.5
Iberduero	61	−0.2
Petroleos	112	
Petroliber	87	
Sogefisa	107	
Telefonica	58.5	
Union Elect.	68	+0.5

BANK RETURN

	Wednesday August 13 1980	Increase + or Decrease — for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14,333,000	—
Public Deposits	32,406,827	+ 778 270
Special Deposits	—	—
Bankers Deposits	420,636,853	— 244,643,969
Reserve & other Accounts	664,239,389	+ 23,694,034
	1,132,536,271	— 676,536,664
ASSETS		
Government Securities	635,052,064	— 772,133,000
Advances & Other Accounts	320,868,001	+ 106,133,415
Premises Equipment & Other Secs.	150,758,228	— 3,156,929
Notes	16,542.637	— 7,355,446
Coin	308,341	— 12,705
	1,133,336,271	— 676,326,664
ISSUE DEPARTMENT		
Liabilities	£	£
Notes Issued	10,275,000,000	— 75,000,000
In Circulation	10,258,457,383	— 67,644,334
In Banking Department	16,542,637	— 7,353,446
ASSETS		
Government Debt	11,015,100	—
Other Goverment Securities	8,530,203,820	+ 281,539,874
Other Securities	1,733,781,010	— 356,332,874
	10,275,000,000	— 75,000,000

Advance by Assam Trading

Trading loss of Assam Trading (Holdings), investment holding company, was up slightly from £40,000 to £47,000 for the year ended March 31, 1980. Including a higher contribution of £1.57m. against £1.45m. from its associate, McLeod Russel and Co., pre-tax profits moved ahead by £0.11m to £1.52m.

Attributable profits increased from £145,000 to £733,000 and earnings per 10p "B" share were up 3.44p to 29.74p. The dividend per "B" share is raised to 1.25p (adjusted 1p).

The dividend is payable only on the 6m "B" shares in issue immediately prior to the increase in share capital, following the acquisition of Learmonth Property Investment Company and County Properties in May.

As the company has "close" status, application for shortfall clearance in respect of the proposed dividend on the "B" shares will be made.

COMPANY ANNOUNCEMENT

East Rand Proprietary Mines, Limited

(Incorporated in the Republic of South Africa)

A Member of the Barlow Rand Group

MODERNISATION OF MINE, EXPANSION OF SCALE OF OPERATIONS AND PROPOSED RIGHTS ISSUE

Modernisation of Mine, Expansion of Scale of Operations

The company's technical advisers, Rand Mines Limited, have completed an investigation of the long-term potential of the company's mine. This investigation has revealed that:—

(a) there is sufficient ore in situ in the mine to support mining operations for at least the next 25 years, provided the gold price received averages U.S. dollars 600 per fine ounce in real terms for the foreseeable future;

(b) a modernisation programme involving the sinking of new shafts, the development of new airways, the installation of refrigeration plants and the improvement of amenities for employees is essential to put the mine on a sound operating basis as an ultra-deep level mine to exploit the ore reserve;

(c) profitability will be significantly improved if the scale of operations is increased from 245 000 tons to 325 000 tons milled per month;

(d) the capital expenditure required for the modernisation programme and the increase in the scale of operations is estimated at approximately R300 million in escalated terms, over the next five years;

(e) at an average gold price of dollars 600 per fine ounce in real terms, the technical advisers estimate this capital expenditure can be funded from internal sources.

The directors have accepted the recommendation to proceed with the modernisation of the mine and the expansion programme and consider that it is essential that the mine should be able to proceed with these programmes unhindered by temporary downturns in the gold price. To put the mine in a financial position to cope with this possibility, the directors have decided to proceed with the rights issue, of ordinary shares with options, described below.

The directors are of the opinion that in terms of the above-mentioned plan and gold price assumption it should be possible to maintain a dividend of at least 360 cents per share per annum during this development phase.

Proposed Rights Issue

The board of directors proposes that the company raises R47 520 000 by way of a rights issue of new shares of R1 each in the ratio of 40 new shares for every 100 shares held. The new shares will be issued at a price of R30 per share and will rank for the final dividend of the company to be declared in December 1980.

Attached to the new shares will be detachable options to subscribe for shares in the company on 3 January 1983 or on 2 January 1984 or on 2 January 1985. There will be 1 option for every 4 new shares issued in terms of the rights issue.

Each option will be to subscribe for 1 share, at a price of R40 per share. The company will therefore raise an additional R15 840 000. In the absence of unforeseen circumstances, the directors do not anticipate that any further capital will have to be raised to complete the full capital expenditure programme.

Non-residents of the Rand Monetary Area may use blocked/financial rand:—

1 to subscribe in terms of a Letter of Allocation issued to non-resident members in terms of the offer;

or

2 to purchase Letters of Allocation on the Johannesburg Stock Exchange:
but blocked/financial rand may not be used to subscribe for the shares in terms of a Letter of Allocation which has been purchased.

Details regarding the procedure to be followed by holders of share warrants to bearer will be advised in a further announcement.

It will be necessary to increase the authorised share capital of the company and therefore a notice convening a general meeting of the members of the company is being prepared and will be posted to members as soon as possible. Following approval by the general meeting of the increase in share capital the rights offer will open in the first half of October 1980. A full announcement giving the relevant dates will be made at that time.

BARCLAYS NATIONAL MERCHANT BANK LIMITED
(Registered Merchant Bank)
(Incorporated in the Republic of South Africa)

Johannesburg
14th August, 1980

BIDS AND DEALS

Astra sells offshoot to Bodycote for £690,000

Astra Industrial Group is making a start with its plan to withdraw from the engineering industry by selling its metal finishing division to Bodycote International.

Bodycote, which is in the process of moving away from its involvement in the textile field, is to pay £690,440 for the Zinc Alloy Rust-Proofing subsidiary. In 1979/80 this division, with net tangible assets of £390,440, contributed profits of £319,713 to a group total of £801,808, before interest of £330,722.

Also announced yesterday was the sale and leaseback of the Queen's Road Aston factory for £1 mnet in cash. The company said that the proceeds of both sales be used to eliminate bank borrowings.

The group's profit (showing a reduction from £1.04m in 1978/79), was hit by the steel and engineering strikes. Announcing this result last month the company said that negotiations for the sale of a subsidiary were at an advanced stage and this and other similar transactions would result in substantially reduced bank borrowings and a distribution to shareholders.

The group's decision to reduce its commitment to the engineering industry was prompted by its concern at the undervaluation of its assets as reflected in the share price, and the poor outlook for manufacturing industry.

Mr. Dennis Dukes, chairman said yesterday, that the disposals were equal to the group's market capitalisation prior to the news of the sales. At yesterday's price of £15p, up 1½p, the equity is valued at £1.94m.

The company said that over the longer term shareholders should benefit directly from the further reduction in the company's engineering interests. The group also intends to continue to develop its property interests, which at the moment comprise nine industrial properties and two industrial unit estates at Aston and Rochdale.

Under the deal with Bodycote Astra will retain a dividend of £340,717 for the 16 months ended August 31. Following the sales Zinc Alloy will continue to lease the four properties owned by Astra at a total unchanged rental of £64,200.

The Queens Road premises are presently occupied by Astra's wholly owned subsidiary Cressall Manufacturing. Following the sale Cressall will continue to lease the property at an annual rental of £80,000.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purposes of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Coreh, Gaskell Broadloom, Relyon (PBWS).

Finals—David Dixon, Gold Fields of South Africa, Phoenix Timber, P.-Co.

FUTURE DATES

Interims—

London United Investments ... Sept. 8
Sale Tilney ... Sept. 25
Weir Group ... Sept. 3

Finals—

Cooson (F.) ... Aug. 21
Dale Electric International ... Aug. 21
Forward Technology ... Oct. 17

Deadline for Lonrho's £35m rights issue

Shareholders of Lonrho, the international trading conglomerate, wishing to subscribe to the group's £35m rights issue will have to do so by 3 pm this afternoon, at which time the offer expires.

The bulk of the issue, through which Lonrho is offering one new share at 80p for every five shares which are held by shareholders, has been personally underwritten by Mr. Tiny Rowland, Lonrho's chief executive.

Lonrho directors are taking up the rights offer which they are entitled to through their own beneficial shareholdings and other interests, which represent 14.2 per cent of Lonrho's present issued share capital.

Since the announcement of the cash call to shareholders, Lonrho's shares have fallen from 110p to 91p.

So far, Gulf Fisheries, the Kuwait-controlled investment group, has not retained its allotment from the current rights issue. As a result, Gulf's 19 per cent stake has been diluted to just under 16 per cent and Mr. Rowland has become the largest shareholder with 16.4 per cent.

Lonrho refused to comment yesterday on reports that rich Arab interest are seeking to buy Lonrho's 29.98 per cent stake in House of Fraser. "We have nothing to say," said Mr. Paul Spicer, a Lonrho director.

On the London stock market House of Fraser's shares rose 4p to 147p.

LAMONT/MCCLEERY

Lamont's offer for McCleery has now been accepted in respect of 11,687,702 ordinary (85.22 per cent) and 5,946 preference (89.46 per cent). During the offer period Lamont acquired 450,000 McCleery ordinary. Both offers have been declared unconditional and remain open for further acceptances.

JAMES FISHER

Industrial and Commercial Finance Corporation sold 420,000 shares in James Fisher and Sons on August 5, leaving holding of 2.29m shares including some shares registered in name of sub-ship. Mortgage Finance.

HIGSONS BREWERY

The reported disposals of 50,000 Higsons Brewery shares in the name of Mr. G. L. Corlett and Mr. D. E. Corlett, directors, on August 12, registered in the name of Westminster (Liverpool) Trust Company relates to one sale only of 50,000 shares.

GLANVILL ENTHOVEN

Matheson and Co., wholly owned UK subsidiary of Jardine Matheson and Co. of Hong Kong, and of Charterhouse Group, states the acquisition of Glanvill Enthoven and Co., the insurance broking subsidiary of Charterhouse, has been completed.

Edward Le Bas in talks —shares suspended

Edward Le Bas, the steel stockholder and engineering product group, is having talks with its parent company, Le Bas Investment Trust, which may result in an offer being made for the outstanding 48.8 per cent minority ordinary share holding, and the preference shares.

The discussions, which will involve a review of Edward Le Bas' current prospects, are expected to take up to a month. Pending their outcome, the Stock Exchange has been asked to suspend the ordinary and the preference shares.

In 1979, group profits before tax, of Edward Le Bas fell from £624,000 to £386,000 — in the second half of the year they were down from £371,000 to £80,000.

In May, the company said that since the year end a substantial rationalisation programme had taken place leaving the group with facilities to concentrate on its specialist engineering and construction companies. The company reported an improvement in trading over the same 1979 period.

At yesterday's suspension price of 58p the ordinary capital of Edward Le Bas is valued at £1.32m.

KCA ties up $40m funding

KCA OFFSHORE DRILLING has tied up the financing for the $40m drillship which is being built in a Dutch shipyard.

The drillship should be completed by the end of May, 1981, and although KCA is still discussing where it will be employed, Mr. Paul Bristol, the chairman, said yesterday that he was confident that it would pay for itself within two years.

He said the cost of building an equivalent drillship today would be of the order of $130m.

The Royal Bank of Canada has provided the finance for the purchase. Roughly three-quarters of the cost of the contract is being covered by a 3½-year Eurodollar loan which carries a spread of 1½ per cent above London interbank offered rates.

KCA is also continuing to work on its plans to build four semi-submersible drilling rigs at Cammell Laird on Merseyside which will cost around £160m in total.

Mr. Bristol also disclosed yesterday that the full prospectus for Universal Oil Services will be ready within the next three weeks. KCA intends to float off half the equity of this Bahrain company to Arab investors, and hopes to raise $20m in the process.

LONDON TRADED OPTIONS

Option	Ex'rcise price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
BP	500	62	—	80	1	—	—	352p
BP	330	40	—	60	1	70	—	"
BP	360	23	8	42	—	50	—	"
BP	390	11	4	27	—	—	—	"
Com. Union	120	39	—	40	10	—	—	153p
Com. Union	130	29	5	31	—	—	—	"
Com. Union	140	20	3	24	—	29	—	"
Com. Union	160	8	25	15	a	17	30	"
Cons. Gold	500	53	2	68	—	90	—	514p
Cons. Gold	550	28	22	42	—	62	3	"
Courtaulds	60	9	—	11	5	14	—	64p
Courtaulds	70	3½	—	6½	5	8½	—	"
GEC	460	52	7	74	—	94	—	483p
GEC	500	27	30	50	—	70	1	"
Grand Met.	140	17	4	27	—	—	—	154p
Grand Met.	160	6	29	15	—	18	—	"
ICI	420	2	1	—	—	—	—	362p
Land Secs.	353	26	—	43	7	—	—	358p
Marks & Sp.	90	14	—	17	2	91	5	100p
Marks & Sp.	100	7	—	11	10	15½	—	"
Marks & Sp.	110	3	—	6½	—	10½	1	"
Shell	420	21	1	38	—	50	—	414p
Shell	460	0	—	22	—	30	1	"
Totals			135		43		31	
		August		**November**		**February**		
Imperial Cp.	80	2	2	5½	—	8½	—	80p
Lonrho	84	0	11	16	—	19½	—	95p
Lonrho	94	4	—	11½	50	15½	—	"
Lonrho	104	1½	—	7½	37	11½	2	"
Lonrho	114	½	—	4½	15	7½	10	"
P & O.	130	3½	—	0	10	12	10	127p
Racal Elec.	220	60	23	60	—	60	—	275p
Racal Elec.	260	12	8	37	—	49	—	"
Racal Elec.	280	5	41	24	—	39	—	"
Racal Elec.	300	1	—	14½	2	98	—	"
RTZ	420	50	10	75	—	95	—	469p
RTZ	600	2	—	18	6	40	1	"
Totals			27		100		23	

EUROPEAN OPTIONS EXCHANGE

Series		Oct. Vol.	Oct. Last	Jan. Vol.	Jan. Last	April Vol.	April Last	Stock
ABN C	F.300	16	25	—	—	—	—	F.524
ABN C	F.320	17	8	1	9	2	11	"
AKZO C	F.22.50	18	1,10	51	2	25	3	F.29.70
AKZO C	F.25	55	0.30	5	0.70	—	—	"
AKZO P	F.29.50	—	—	—	—	35	1	"
AKZO P	F.35	15	2.50	—	—	—	—	"
AMRO C	F.55	6	14.20	—	—	—	—	F.68.60
AMRO C	F.65	10	4.50	—	—	—	—	"
AMRO C	F.70	81	1.40	—	—	—	—	"
HEIN C	F.55	7	3	—	—	—	—	F.57.20
HEIN C	F.60	22	1.70	2	2.90A	3	4	"
HEIN C	F.65	—	—	6	1.50	—	—	"
HEIN C	F.70	—	—	100	0.40	—	—	"
HEIN P	F.55	20	1.40	—	—	—	—	"
HEIN P	F.60	3	3.50	—	—	—	—	"
HEIN P	F.70	1	12.60	—	—	—	—	"
HOOG C	F.15	2	2.10	—	—	—	—	F.16.50
HOOG C	F.20	—	—	50	0.80	—	—	"
HOOG C	F.22.50	3	0.10	—	—	—	—	"
IBM C	$70	—	—	—	—	9	4½	$66⅞
IBM C	$73	4	½	—	—	—	—	"
KLM C	F.70	37	1.70	1	2.80	22	—	F.66.80
KLM C	F.80	6	0.60	—	—	—	—	"
KLM P	F.60	4	1.60	4	3.30	—	—	"
KLM P	F.70	10	6.80	—	—	—	—	"
NAT C	F.104.50	4	19.20	—	—	—	—	F.117
NATN C	F.120	—	—	0	3	—	—	"
NATN P	F.110	—	—	2	2.20	—	—	"
NATN P	F.120	10	6	12	7	—	—	"
PHIL C	F.17.50	09	1.10	4	1.50A	57	1.80	F.18.10
PHIL C	F.20	397	0.30	212	0.60	144	0.90	"
PHIL P	F.17.50	39	0.60	111	0.70	20	0.80B	"
PHIL P	F.20	29	92	25	2.30	18	2,30B	"
POLA C	$30	5	1½	—	—	2	2½	$28
OLIE C	F.150	2	20.60	—	—	—	—	F.170.70
OLIE C	F.160	37	11.20	5	12.50	—	—	"
OLIE C	F.170	63	4.70	36	6.50	—	—	"
OLIE C	F.180	111	1.60	—	—	—	—	"
OLIE P	F.150	159	0.50	0	1.50	—	—	"
OLIE P	F.160	83	2.20	6	4.20	—	—	"
OLIE P	F.180	5	15.50	—	—	—	—	"
UNIL C	F.116	10	0.90	—	—	—	—	F.120.10
UNIL C	F.120	10	2.50	—	—	—	—	"
		Aug.		**Nov.**		**Feb.**		
BOEI C	$35	2	2⅛	—	—	—	—	$37⅛
BASF C	DM.140	5	0.30	8	3.10	—	—	DM137.50
BAZ C	$33,06	3	3½	—	—	—	—	$37⅛
SLUM C	$90	7	40¾	—	—	—	—	$130¼
SLUM C	$100	—	—	—	—	7	32	"
SLUM C	$120	2	10¼	—	—	20	18	"
SLUM C	$130	—	—	—	—	20	12	"
SLUM C	$140	—	—	8	3¼	—	—	"
VEBA C	DM.160	17	1.80	—	—	—	—	DM161.50
VW C	DM.180	—	—	3	2.50	—	—	DM172.7

TOTAL VOLUME IN CONTRACTS 2470

C=Call P=Put

BOC

BOC International Ltd

Group results, unaudited, for the nine months to 30 June 1980:

	Nine Months to 30.6.80	Nine Months to 30.6.79	Year to 30.9.79
	£ million	£ million	£ million
Sales	907.8	924.1	1,229.0
Operating costs	757.7	777.4	1,031.6
	150.1	146.7	197.4
Depreciation	64.9	60.1	77.3
	85.2	86.6	120.1
Group share of associated companies' profits less losses	4.1	3.3	4.5
Trading profit	89.3	89.9	124.6
Interest	41.6	38.5	51.9
Profit before tax	47.7	51.4	72.7
Tax	18.0	23.5	28.1
Profit after tax	29.7	27.9	44.6
Minority interests	5.5	4.6	7.6
Earnings	24.2	23.3	37.0
Earnings per share (net basis)	7.40p	7.16p	11.39p
If depreciation had been charged on historical cost rather than replacement cost, Group results would have been:			
Profit before tax	£71.0m	£69.4m	£94.9m
Earnings per share (net basis)	14.17p	12.86p	17.76p

Third quarter results were affected by a sharp downturn in the US economy and by lower trading activity in the UK. The impact on profits was most dramatic in the Group's US and UK welding and carbon businesses. In spite of lower profits from its US gas business, profits in the Group's total gas business were ahead of 1979. The Group is currently engaged in programmes in a number of its continuing businesses, aimed at a major improvement in productivity and cost reduction. These programmes, which involve plant shut downs and relocations, as well as redundancies, have resulted in exceptional costs in the current year, which have been charged against the above profit.

The Group is also engaged in a programme to sell or liquidate a number of product lines and businesses, which either fall outside of the Group's long term strategy or have poor prospects. A provision of some ten million pounds has been made to cover the anticipated costs of these sales or liquidations; this will be shown in the annual accounts as an extraordinary charge.

Trading Profit

The regional pattern of trading profit is as follows:—

	Nine Months to 30.6.80	Nine Months to 30.6.79	Year to 30.9.79
	£ million	£ million	£ million
Europe	24.2	22.7	31.4
Africa	12.7	10.3	14.9
Americas	35.3	41.6	56.1
Asia	1.1	1.2	1.7
Pacific	16.0	14.1	20.5
	89.3	89.9	124.6

Profits Before Tax

In comparison with the corresponding nine months of 1979, profit before tax for the nine months ended 30 June 1980 was adversely affected by:
i) Extra depreciation of £2.6 million on new classes of assets revalued since 1st October 1979, which were previously stated at original cost;
ii) £2.5 million due to changes in exchange rates (US$ rate 2.36; 1979—2.19)
iii) £7.0 million due to higher interest rates;
but benefited from a reduction in interest of £3.9 million due to lower borrowings.

Current Cost Accounting

The above results are prepared on a modified historical cost basis, in that almost all the Group's fixed assets are now stated at net replacement cost, and depreciation is charged accordingly. For the nine months ended 30th June 1980 profits before tax if calculated on a full CCA basis (including adjustments for monetary working capital and gearing) would have been £46.8 million.

Condensed balance sheet, unaudited, as at 30 June 1980:

	At 30.6.80	At 30.9.79
	£ million	£ million
Shareholders' funds	570.9	516.3
Minority shareholders' interests	71.5	64.0
Deferred tax	14.8	12.0
Long-term liabilities	23.8	24.2
Net borrowings and finance leases	480.0	451.3
	1,161.0	1,067.8
Fixed assets	864.5	808.0
Associated companies and investments	27.8	25.4
Working capital (excluding bank balances and short-term loans)	268.7	234.4
	1,161.0	1,067.8

For further copies of this report write or phone Investor Relations Dept. BOC International Ltd., Hammersmith House, London W6 9DX. Tel: 01-748 2020.

SYMONDS ENGINEERING CO.

Record Turnover

The thirty-third Annual General Meeting of Symonds Engineering Co. Limited was held on August 14 in London, Mr. G. A. Rowley (Chairman) presiding.

A record turnover of £2,529,049 compares with £2,176,821 for the previous year with net profit before taxation of £207,679 as compared with £221,492.

These results are disappointing when considering the record turnover achieved, but I am certain the shareholders are well aware of the struggle that industry is experiencing in trying to control the inflationary increases in manufacturing costs, both direct and indirect, parallel with the difficulty of obtaining compensating price adjustments due to the current competitive market conditions.

The recommended total ordinary dividend for the year is 15.7%—gross equivalent 22.429% (1979 22.415%). The profit retained for the year amounted to £10,184 and the Revenue reserves now stand at £460,581.

At present our order book is holding up reasonably well, but having regard to the difficult times that may lie ahead in the national economy, our objective for the current financial year is to try and maintain a level of profit comparable with those shown in the accounts.

Albright & Wilson Ltd

1980 HALF YEAR RESULTS

Although sales and operating profit were well ahead of the results in the first half of 1979, which was affected by strikes, profit before taxation was lower because of a rise in interest charges. The results were affected by the further strengthening of sterling, the growing effect of the general recession in trade, and the cost of severance payments under a programme of reductions in employee numbers now proceeding in the UK.

1979 1st 6 months	1979 2nd 6 months	£000's	1980 1st 6 months Unaudited
177,899	207,823	Sales	218,049
11,340	12,576	Operating Profit	14,149
1,589	3,370	Interest payable less received	5,125
9,751	9,206	Profit Before Taxation	9,024
1,735	1,595	Taxation	2,317
196	125	Minority interests	219
7,820	7,486	Profit Attributable to Stockholders before extraordinary items	6,488

1. Taxation comprised: UK nil (1979: £54,000)
Overseas £2,317,000 (1979: £1,681,000)
2. Extraordinary losses amounted to £1,256,000 (1979: £1,290,000), mainly a decrease in the sterling value of overseas fixed assets less long-term liabilities.
3. An interim dividend of 3.35p per stock unit (£3,990,000) was paid in February 1980 on the ordinary stock (1979: full year 10p per stock unit: £11,912,000).
4. The first half year preference stock dividend has been waived, as in 1979.

ALBRIGHT & WILSON International in chemicals

1 Knightsbridge Green, London SW1X 7QD.

Albright & Wilson is a Tenneco company

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NOTICE OF REDEMPTION TO HOLDERS OF LANCASHIRE COUNTY COUNCIL $30,000,000 9½% BONDS 1978/81

NOTICE IS HEREBY GIVEN $6,651,000 aggregate principal amount of the Bonds bearing the serial numbers listed below have been drawn for redemption on 15th September, 1980 at the redemption price of 100% of the principal amount thereof pursuant to condition 5 of the terms and conditions of the Bonds. The $849,000 balance of the 1980 Sinking Fund requirement has been satisfied by the delivery of Bonds acquired by the Authority as permitted by said condition 5. The redemption payment of each Bond drawn for redemption will become due and payable on 15th September, 1980 on and after which interest on each such Bond will cease to accrue.

1	6	8	16	18	21	28	33	34	38
42	48	57	60	62	63	71	75	77	78
82	89	93	94	100	101	109	111	113	117
118	121	131	135	143	150	153	157	160	161
170	173	174	177	178	195	198	203	204	207
211	212	214	217	220	225	226	230	231	234
239	240	243	246	249	253	254	257	260	263
264	268	272	281	285	286	289	295	298	303
304	308	310	316	328	332	335	337	341	342
344	345	348	350	352	357	359	368	370	375
383	388	389	391	394	395	396	400	414	416
429	430	434	435	436	437	443	446	451	456
457	459	465	466	472	481	484	488	493	495
499	509	512	515	517	519	522	529	531	537
540	542	544	546	547	555	556	558	559	569
570	578	579	583	586	587	588	591	593	600
606	614	616	617	623	627	644	646	653	684
688	695	696	698	689	695	698	702	703	713
723	726	728	730	731	737	738	740	745	748
751	752	758	761	768	772	776	785	795	800
802	815	820	822	834	837	839	841	842	851
855	862	863	864	867	876	880	893	894	897
904	905	906	909	913	916	918	920	921	924
932	935	943	944	946	950	963	973	976	985
988	989	990	997	1002	1011	1013	1021	1027	1054
1055	1062	1072	1073	1074	1079	1080	1081	1083	1088
1091	1092	1100	1105	1111	1112	1114	1121	1125	1127
1128	1139	1141	1146	1149	1150	1163	1180	1181	1184
1193	1196	1201	1207	1208	1217	1224	1226	1233	1234
1237	1239	1240	1244	1245	1253	1255	1264	1267	1272
1274	1277	1278	1280	1294	1304	1305	1309	1311	1334
1336	1344	1348	1351	1352	1355	1356	1367	1372	1380
1384	1385	1389	1392	1400	1402	1404	1409	1410	1412
1413	1415	1417	1418	1421	1422	1425	1427	1431	1432
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

The above numbered Bonds will be redeemed at the office of the Depository and the Principal Agent, Chemical Bank, 180 Strand, London WC2R 1ET or at any of the following Sub-Depositaries Chemical Bank, Brussels, Frankfurt, New York, Paris and Zurich, Kredietbank S.A. Luxembourg.

Each bond redeemed will be with coupon 8 and S.C.A.

Dated 15th August, 1980.

National Westminster Bank Ltd, Registrars Department, Bristol.

Companies and Markets

UK COMPANY NEWS

MINING NEWS

Australian mining industry calls for leniency on tax

BY GEORGE MILLING-STANLEY

THE AUSTRALIAN Mining Industry Council has echoed a plea made earlier this year by the Chamber of Mines of South Africa for more liberal tax treatment of the industry.

In addition, the Australian body (known as AMIC) wants the Federal Government to ensure that its guidelines on foreign investment do not slow down the industry's rate of development by relying too greatly on the country's inadequate domestic capital accumulation.

In this field, as in the areas of international trade, legislation for the industry and environmental controls, with particular reference to the Aboriginal problems, AMIC is seeking greater clarity and an end to uncertainty.

On the question of taxation, AMIC has asked the Government to:

1. make mineral exploration expenditure an allowable deduction for all taxpayers;
2. make all capital expenditure associated with mineral development deductible;
3. allow capital deductions at a rate which recognises the vast sums now involved;
4. liberalise the tax treatment of losses;
5. reject proposals for "resources" or "secondary profits" taxes as discriminatory and counter-productive;
6. impose royalties at the lowest practicable level and on a more rational basis than at present.

With reference to exploration expenditure, AMIC points out that this is currently deductible only against income from mining, which it says discriminates against other taxpayers and thereby inhibits the diversification of other companies into mining.

On the issue of capital expenditure, AMIC emphasises that at present, the often substantial expenditure on infrastructure such as town construction at mineral ports is excluded from the available deductions.

As far as the treatment of losses is concerned, AMIC wants the authorities to permit the carrying forward of losses for taxation purposes for more than the present seven years, which it says is insufficient in many cases to allow for their subsequent offsetting against income.

AMIC would like to see these losses available for offset for an indefinite period, and also seeks permission to carry back losses on mine closure for seven years. There is currently no provision for carry-back at all.

On the subject of royalties, AMIC concedes that it is impractical to advocate their abolition, and therefore would like to see them imposed at the lowest levels possible.

Turning to restrictions on foreign investment, AMIC recognises that the majority of the population wants to maximise Australian participation in the development of basic resources, but warns that "domestic capital accumulation is insufficient to meet developmental needs in all sectors, let alone a high risk sector of the economy."

Beyond that, AMIC argues the case for the abolition of export controls except in the case of minerals where defence or strategic considerations are paramount, and seeks amendments to the Aboriginal Land Rights (Northern Territory) Act.

These should include provision for financial compensation to be based solely on disturbance to land, and the retention by the Government of ultimate responsibility for decision-making on all matters related to the Act.

Bougainville marks time

DESPITE the strength of gold and copper prices which lifted net sales revenue and other income of Bougainville Copper to K179m (£87.2m) in the first six months of this year from K155.9m in the same period of 1979, the Rio Tinto-Zinc group's Papua New Guinea mine comes out with a little changed net profit for the period of K38m against K37.7m last time.

However, the interim dividend on the capital following the recent scrip issue and share consolidation is raised to 8 toea (5p). Last year's equivalent interim, after adjustment to the new capital, was 6.7 toea and the total for 1979 works out at the equivalent of 26.7 toea.

Several factors have whittled down Bougainville's latest half-year income. Operating costs have risen, largely as a result of the higher cost of the mine's substantial oil requirements, while metal production has fallen as a result of the declining grades of ore mined as operations extend into the areas of lower mineralisation.

Then, too, the depreciation provision has been increased as a result of the revaluation of assets while the revaluation of the Papua New Guinea kina against the U.S. dollar—the currency in which the metal sales are priced—has resulted in lower income in terms of PNG currency.

As for the current half year prospects, copper is running at a little below the average for the first half and, depending on how long the U.S. industry strike lasts, could ease in line with the current recession. Gold, on the other hand, is trading a little above the first half average and the betting is that it is likely to improve before the year is out.

Unless gold goes higher, however, Bougainville could be heading for lower profits in the current half although any fall will be cushioned by the fact that at present metal price levels the mine is liable to additional profits tax. After deducting 125p the shares closed a net 6p down at 120p yesterday following the latest results.

Yet more gas at Woodada No. 2

PRODUCTION TESTS run at Strata Oil's Woodada No. 2 well in Western Australia's Perth Basin show that the acid stimulation at Woodada 2 has lifted daily production of natural gas to 32.8m cubic feet a day compared with an initial 3.8m cubic feet, reports Stephen Thompson.

Woodada 2 was drilled to determine the extent of the original Woodada find which flowed at a rate of 32.38m cubic feet a day following stimulation.

The well has also produced condensate at a rate of 38 barrels a day. Condensate production increased by 100 per cent using a smaller choke size.

The gas flow of 32.8m cubic feet was recorded through a one-inch choke at a pressure of 1,650 psi. Shut-in pressure was 2,843 psi.

The latest results duly confirm the Strata directors' optimum reported on Thursday. Clearly Wodada 2 illustrates a further extension of the gas reserves present in Woodada 1 and forecasts of a major new gas field seem likely to prove correct.

The latest news encouraged a further wave of support for Strata Oil and its associates in the discovery. Haoma Gold, with 16.8 per cent of Strata, rose 15 to 154p while North West Mining jumped 12 to 140p and Hampton Trust, which recently acquired a 3.5 per cent interest in licence EP-100, put on 2 to 72p. Strata Oil advanced 6 to 136p.

ERPM seeks R47m from rights issue

THE MARGINAL East Rand Proprietary Mines, one of the oldest gold mines in South Africa's Witwatersrand, is to raise R47.52m (£26.6m) through a 40-for-100 rights issue at R30 per share. A further R15.84m will be raised by the issue of options in the ratio of one-for-four of the new shares at a price of R40 per share, writes Des Killalea from Johannesburg.

The cash is to be used to fund a R300m expansion programme covering the next five years. This will extend the life of the mine, which almost closed down in the mid-1970s, by a further 25 years. ERPM's production is scheduled to rise to about 20 tonnes a year from the current 12 tonnes.

ERPM, part of the Barlow Rand group, said yesterday that it expects to be able to maintain dividend payments during the time of heavy capital expenditure of at least 360 cents per share annually.

Rand Mines, advisors to ERPM, said that the expansion programme could be funded internally provided that the gold price does not fall below US$600 per troy ounce. The rights issue is intended to protect the mine from bullion falling as low as $500 per ounce during the first years of the development.

Fraser Island compensation may increase

IT IS reported from Canberra that the Australian Government is likely to increase its compensation offer to the U.S. Dillingham Corporation to between A$8m and A$10m (£3.9m-£4.9m) for the ban on the latter's mineral sands operations on Fraser Island in Queensland.

The Australian Attorney-General, Peter Durack was expected to submit his proposal to the Australian Government following discussions with the U.S. Attorney-General, Benjamin Civiletti. As reported here yesterday, Mr. Civiletti has said that the U.S. is seriously considering taking Australia to the World Court over the Dillingham compensation issue.

It dates from 1976 when the Australian Government of that time halted the mining project, a partnership between Dillingham and Australia's Murphyores, on environmental grounds, only a few months after it had started up. The partnership demanded compensation of some A$23m but was offered only A$4m and the bitter controversy has continued.

Lithgow coal joint venture

THREE JAPANESE companies are negotiating with the Australia Electricity Commission of New South Wales to set up a joint venture to produce 2m tonnes of steaming coal a year from coal fields in the Lithgow district.

The companies concerned are Taiheiyo Coal Development, Mitsui and C. Itoh. The plan calls for Taiheiyo to hold 34 per cent of the venture, with the two trading houses holding 7.5 per cent each and the Commission the remaining 51 per cent.

Contracts are expected to be signed next month, with deliveries starting around 1984.

In a separate development, Idemitsu Kosan, a leading Japanese distributor and refiner of oil, has announced plans to import some 500,000 tonnes of Australian coking coal during the current year for sale to domestic cement manufacturers.

Idemitsu thus becomes the first Japanese oil company to take a major role in the country's growing coal import business, which has until now been the province of the major trading houses.

The three principal customers for the coal will be Chichibu Cement, Tokuyama Soda and Aso Cement. Idemitsu added that it hopes to expand the coal import business to supply power companies as well.

Thorn EMI investment plans

Plans at Thorn EMI anticipate substantial investment in the coming years, Sir Richard Cave, chairman of this electronic, lighting and engineering group, tells members in his annual review.

This investment, he states, will be needed to provide the colour televisions and home video equipment for rental, establish the facilities required for the manufacture of video products, ensure that the accompanying software is available, "and add to our strength in our main strategic businesses."

Sir Richard says that it will be three or four years before the real benefits of the programme will be seen. However, the strong cash flow from the group's existing operations should continue and, with the action being taken in respect of certain operations not central to the group's main strategy, the gearing of borrowing should be held at about its present level.

The group has made "strong representations" through the Department of Industry in respect of the plan to phase out 100 per cent capital allowances for television and video equipment for rental.

"The implementation of the proposed tax changes would have a damaging effect on future investment, on both colour television receivers and the new range of home video products," the chairman says.

As reported on July 12, a second-half upturn together with four months from EMI of £4.4m enabled the group to increase taxable profits, for the March 31 year, to £125.5m (£118.1m). External turnover amounted to £1.62bn (£1.21bn). The dividend is stepped up to 14.625p (13p) net per share.

Contracted capital expenditure, as at March 31, totalled £31.1m (£18m), and there was £13.5m (£4.2m) which has not been contracted for.

Sir Richard says that the main aims of the enlarged group are to play a leading role in meeting the requirements of the widening and expanding home entertainment industry, to have a strong engineering product group with interests in high technology, electronics, defence and other special areas, to support established mature business, and to increase the group's influence in international markets.

Meeting, Winchester House, EC, on September 12, noon.

Reed Stenhouse over £10m at nine-month stage

PRE-TAX earnings of Reed Stenhouse Companies, the international insurance broking group, moved ahead from £9.64m to £10.27m in the nine months to June 30, 1980.

Stenhouse Holdings has a 53.7 per cent equity interest in the group, which is listed on the Canadian Stock Exchange.

Gross income amounted to £63.32m compared with £57.8m, of which £58.35m (£54.53m) came from commissions and fees. Investment, dividend and rental income provided the other £4.98m (£3.27m).

Operating expenses were up from £46.44m to £51.34m, and depreciation and amortisation of fixed assets cost £1.29m (£1.08m). Interest charges on long-term debts were down from £638,000 to £420,000.

After tax up from £4.71m to £5.39m, minorities of £74,000 (£88,000), and a reduction of intangible assets of £130,000 (£124,000), net earnings came out marginally lower at £4.83m compared with £4.89m.

There was an extraordinary credit last time of £1.11m which pushed up the net earnings to £6.01m.

One of the major factors affecting results for the period was the strength of sterling.

Mr. W. M. Wilson, president and chief executive, says that despite the continuation of lower insurance premium rates produced by the Canadian, European and Pacific operations were good. Increased development expenses in the U.S. have, however, affected the overall figures.

The company says the results for the rest of the financial year and the year ahead could be affected by the state of the economies in the UK and U.S. Mr. Wilson adds, however, that the company continues to anticipate a satisfactory growth in earnings this year.

Net earnings before extraordinary item per class A share on a weighted average basis is 32.03p against 32.61p. A quarterly dividend of 14 cents per share has been recommended.

Stenhouse Holdings has declared an interim dividend of 1.82p (same)—last year's total was 4.52p

Grant Bros. loss but payout held

In the second six months to January 26, 1980, Grant Brothers incurred a pre-tax loss of £44,766, against profits of £61,445 last time. This left the department store operator with a full-time deficit of £59,973, compared with £67,716 profits.

Turnover for the year was up from £8.71m to £9.78m and included VAT of £660,589 (£395,060) and leased department sales of £2.23m (£1.76m).

A final dividend of 2.362p (same) net maintains the total payment at 3.882p per 25p share.

There was a tax credit of £58,801 (£43,255 charge) including £59,700 in respect of deferred tax no longer required for stock relief, while extraordinary credits increased sharply from £5,581 to £116,750 representing the surplus on disposal of properties.

After a transfer from property revaluation reserve of £32,121 (nil), attributable surplus was well ahead from £30,042 to £147,699.

CURRENCIES, MONEY and GOLD

Sterling firm

Sterling rose to its best level for five and a half years in currency markets yesterday, and its trade weighted index, which measures its performance against a basket of currencies, closed at 75.6, compared with 75.5 on Wednesday. Earlier this month the index touched 75.7, but this was a noon-time calculation. Yesterday's banking figures were much as expected and had little effect on the market other than to strengthen the case against an early cut in MLR. Sterling therefore remained in demand, but trading closed at $2.3760-2.3770, a rise of just 5 points from Wednesday. It opened at $2.3780-2.3790, but fell during the afternoon to $2.3705, before recovering towards the close. The pound was also at a four-year high against the D-mark.

The dollar finished close to its best level of the day, with Euro-dollar rates showing a slightly firmer tendancy. The rise in the U.S. unit was a little stronger than some dealers thought warranted, and may have been attributable to a little book squaring ahead of the long weekend. Against the D-mark it closed at DM 1.7840 compared with DM 1.7820 previously and SwFr 1.6440 against SwFr 1.6435 in terms of the Swiss franc. It was also firmer against the yen, finishing at Y224.35 from Y223.9. On Bank of England figures, the dollar's trade weighted index rose to 84.4 from 84.2.

D-MARK—One of the weaker members of the European Monetary System of late, and showing a tendency to ease against the dollar following the turnaround in U.S. interest rates. In previous months tight Bundesbank monetary policy and the sharp fall in U.S. rates led to a decline in the dollar against the German currency—The D-mark showed a slightly firmer tendency in Frankfurt yesterday, rising against the Irish punt, Belgian franc and Danish krone, but easing in terms of sterling and the U.S. dollar. The dollar was fixed at DM 1.7828 compared with DM 1.7754, while the pound improved to DM 4.2350 from DM 4.2220. Trading was quiet, with little fresh news to affect the level of business. Short term Euro-mark rates showed a slightly easier trend, which may have helped the dollar improve. Elsewhere the Swiss franc slipped to DM 1.0850 from DM 1.0854 at Wednesday's fixing.

ITALIAN LIRA — Still the weakest member of the EMS and relatively steady after July's support package. Recently, however rumours of a possible devaluation have caused further weakness — the lira fell quite sharply at yesterday's fixing in Milan, and sterling rose to a record fix of L2,006.9, compared with L1,996.5 on Wednesday. The dollar was also much firmer at L845.05 against L840.55 previously. Rumours of a possible devaluation over the long weekend were greeted in some quarters with much scepticism, with dealers suggesting the latter part of September as a more likely time. However market opinion remained divided. Elsewhere the D-mark rose to L473.95 from L473.24 and the Swiss franc to L514.75

JAPANESE YEN—Showing a steadier trend after marked recovery on the fall in U.S. interest rates. Last year fears about energy supplies and balance of payments problems severely depressed the currency —The yen was slightly weaker against the dollar in Tokyo yesterday in fairly active trading. The U.S. unit was quoted at Y223.90 compared with an opening of Y224.00 and Wednesday's close of Y223.15. Demand seen during the morning pushed it to a high of Y224.40, but it fell back during the afternoon, touching a low of Y223.55.

THE POUND SPOT AND FORWARD

Aug. 14	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.3705-2.3790	2.3760-2.3770	1.45-1.35c pm	7.07	3.53-3.43 pm	5.86
Canada	2.7480-2.7560	2.7540-2.7550	1.87-1.77c pm	7.93	4.32-4.22 pm	6.20
Nethlnd.	4.59-4.62½	4.60¾-4.61¾	2⅛-1⅛c pm	5.18	7½-6½ pm	6.07
Belgium	67.60-68.05	67.70-67.80	27-17c pm	3.90	71-61 pm	3.90
Denmark	13.05½-13.11½	13.09¾-13.10¾	½-2ore dis	-1.14	4½-6 dis	-1.60
Ireland	1.1150-1.1245	1.1215-1.1225	0.06-0.11p dis	-0.91	0.06-0.11dis	-0.30
W. Ger.	4.22½-4.25½	4.23¼-4.24¼	3½-2½pf pm	8.13	9-8 pm	2.51
Portugal	117.10-117.70	117.35-117.55	35c pm-20 dis	0.77	55pm-70dis	-0.25
Spain	171.50-172.05	171.90-172.00	50-105c dis	-5.41	240-300 dis	-6.98
Italy	2,000-2,018	2,013½-2,016½	23-27 lire dis	-14.89	56-63 dis	-12.11
Norway	11.51½-11.56½	11.53¾-11.54¾	4½-2½ore pm	3.64	13½-12 pm	4.42
France	9.80-9.84	9.82-9.83	5¼-4¼c pm	5.80	14-13 pm	5.50
Sweden	9.88-9.92	9.90½-9.91½	2¼-1¼ore pm	2.18	3¼-3 pm	1.36
Japan	528-536	533-534	2.00-1.50y pm	3.94	6.50-6.00 pm	4.69
Austria	29.95-30.10	30.03-30.08	17-14½gro pm	6.29	41½-37 pm	5.22
Switz	3.89-3.92	3.90½-3.91½	4-3c pm	10.74	11¼-10¼ pm	11.00

Belgian rate is for convertible francs. Financial franc 68.55-68.65
Six-month forward dollar 5.42-5.32c pm. 12-month 7.60-7.50c pm.

THE DOLLAR SPOT AND FORWARD

Aug. 14	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.3705-2.3790	2.3760-2.3770	1.45-1.35c pm	7.07	3.53-3.43 pm	5.86
Ireland†	2.1125-2.1200	2.1160-2.1180	1.10-1.00c pm	5.96	2.90-2.80 pm	5.39
Canada	1.1573-1.1596	1.1577-1.1581	0.04-0.07c dis	-0.57	0.05-0.08dis	-0.22
Nethlnd.	1.9370-1.9420	1.9405-1.9415	pm-0.10c dis	-0.31	0.30-0.20 pm	0.51
Belgium	28.50-28.60	28.50-28.52	4-5½c dis	-2.00	11-14 dis	-1.75
Denmark	5.5040-5.5195	5.5160-5.5175	3½-4ore dis	-8.16	10-10½ dis	-7.43
W. Ger.	1.7785-1.7890	1.7835-1.7845	0.20-0.16pf pm	1.21	0.97-0.92 pm	2.12
Portugal	49.35-49.60	49.50-49.60	15-35c dis	-6.05	50-100 dis	-6.05
Spain	72.32-72.55	72.36-72.40	65-85c dis	-12.41	225-250 dis	-13.10
Italy	843.85-848.75	847.75-848.75	13-16 lire dis	-20.59	36-40 dis	-17.99
Norway	4.8570-4.8630	4.8600-4.8615	1.00-1.50ore dis	-3.08	2.00-2.50dis	-1.85
France	4.1230-4.1390	4.1300-4.1325	0.15-0.25c dis	-0.57	0.42-0.57dis	-0.48
Sweden	4.1670-4.1695	4.1680-4.1695	1.85-2.00ore dis	-5.54	5.00-5.15dis	-4.87
Japan	223.85-224.60	224.30-224.40	0.50-0.65y dis	-3.07	0.60-0.80dis	-1.25
Austria	12.61¾-12.65½	12.64¼-12.65¼	0.50-1.10gro dis	-0.76	0.75-2.50dis	-0.51
Switz.	1.6370-1.6485	1.6435-1.6445	0.65-0.60c pm	4.55	2.18-2.13 pm	5.24

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Aug. 14	Bank of England Index	Morgan Guaranty Changes %
Sterling	75.6	-30.6
U.S. dollar	84.4	-5.2
Canadian dollar	81.5	-16.6
Austrian schilling	166.8	+24.5
Belgian franc	115.8	+14.1
Danish kroner	107.1	-4.8
Deutsche mark	154.8	+43.7
Swiss franc	198.1	+78.3
Guilder	126.4	+20.3
French franc	101.7	-5.5
Lira	52.5	-51.5
Yen	125.8	+24.8

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

Aug. 13	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	16	0.55447	0.595710
U.S. $	10	1.31558	1.42453
Canadian $	10.31	1.52870	1.64875
Austria Sch.	6¾	16.5811	17.0135
Belgium F	10	37.4463	40.4060
Danish K	13	7.23345	7.80288
D'mark	7½	2.34058	2.52712
Guilder	8	2.54806	2.75077
French Fr.	9½	5.42773	5.85768
Lira	16	1108.22	1197.18
Yen	8	294.032	318.835
Norwgn. Kr.	9	6.40146	6.90400
Spanish Pts.	8	95.2638	102.870
Swedish Kr.	10	Unavail.	6.02257
Swiss Fr.	3	2.15580	2.32840

OTHER CURRENCIES

Aug. 14	£	$		£ Note Rates
Argentina Peso	4485-4505	1891-1898	Austria	35.75-36.05
Australia Dollar	2.0480-2.0520	0.8625-0.8630	Belgium	68.00-68.60
Brazil Cruzeiro	129.28-130.28	54.605-54.806	Denmark	13.00-13.15
Finland Markka	8.85½-8.86½	3.6490-3.6500	France	9.75-9.82
Greek Drachma	101.585-104.481	42.90-43.15	Germany	4.22-4.25
Hong Kong Dollar	11.75⅛-11.77⅛	4.9505-4.9525	Italy	1975-2065
Iran Rial	n.a.	n.a.	Japan	532-537
Kuwait Dinar(KD)	0.634-0.640	0.2677-0.2678	Netherlands	4.58-4.62
Luxembourg Frc.	67.70-67.80	28.50-28.58	Norway	11.49-11.58
Malaysia Dollar	5.1505-5.1105	2.1490-2.1510	Portugal	113-118
New Zealand Dlr.	2.4245-2.4255	1.0210-1.0220	Spain	167-174¼
Saudi Arab. Riyal	7.85-7.91	3.3175-3.3225	Sweden	9.86-9.98
Singapore Dollar	5.0560-5.0860	2.1285-2.1305	Switzerland	3.88-3.82
Sth. African Rand	1.8025-1.8056	0.7585-0.7590	United States	2.35¾-2.38
U.A.E. Dirham	8.73-8.78	3.6860-3.6810	Yugoslavia	63¾-69

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU August 14	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.4280	+1.60	+0.54	±1.53
Danish Krone	7.72336	7.81551	+1.18	+0.13	±1.64
German D-Mark	2.48208	2.52918	+1.90	+0.84	±1.125
French Franc	5.84700	5.85758	+0.18	-0.88	±1.3557
Dutch Guilder	2.74362	2.74993	+0.23	-0.83	±1.512
Irish Punt	0.668201	0.670028	+0.27	-0.79	±1.668
Italian Lira	1157.79	1198.02	+3.47	+2.59	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Aug. 14	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.377	4.243	533.5	9.826	3.910	4.613	2016.	2.755	67.75
U.S. Dollar	0.421	1.	1.785	224.6	4.134	1.645	1.941	847.7	1.159	28.51
Deutschemark	0.236	0.560	1.	125.8	2.318	0.922	1.087	474.8	0.648	15.97
Japanese Yen 1,000	1.874	4.456	7.958	1000.	18.42	7.320	8.645	3776.	5.163	127.0
French Franc 10	1.018	2.418	4.318	543.0	10.	3.980	4.695	2050.	2.804	68.96
Swiss Franc	0.256	0.608	1.085	136.4	2.513	1.	1.180	515.2	0.704	17.33
Dutch Guilder	0.217	0.515	0.920	115.7	2.130	0.848	1.	436.7	0.597	14.69
Italian Lira, 1,000	0.496	1.180	2.106	264.8	4.877	1.941	2.290	1000.	1.367	33.63
Canadian Dollar	0.363	0.863	1.540	193.7	3.567	1.419	1.675	731.3	1.	24.60
Belgian Franc 100	1.476	3.508	6.262	787.5	14.50	5.771	6.808	2973.	4.066	100.

FT LONDON INTERBANK FIXING (11.00 a.m. AUGUST 14)

3 months U.S. dollars		6 months U.S. dollars	
bid 10 7/16	offer 10 9/16	bid 10 13/16	offer 10 15/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris, and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market Closing Rates)

Aug. 14	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	15½-15¾	8⅛-9⅛	8-11	10-10⅛	2¾-3	8 1/16-8 3/16	10¾-11	15-86	25¾-9⅞	13⅞-13⅝
7 days' notice	16½-16¾	8¼-9⅛	9-11	10-10⅛	4-4½	8⅝-8½	10¾-11	24-34	8¼-8⅝	12½-13
Month	16 5/16-16¾	8⅝-8⅞	8½-8⅞	8 11/16-8 13/16	5 7/16-5 9/16	8½-8⅝	10¾-11	31-34	8 9/16-8 11/16	18¼-18⅜
Three months	16 5/16-16 7/16	10 5/16-10 7/16	10¼-10⅝	8¾-9⅞	5 7/16-5 9/16	8 5/16-8 7/16	10⅞-11⅛	27-29	10 5/16-10 7/16	11⅝-11¾
Six months	16⅞-16	10 9/16-11 1/16	10¾-11⅛	9¾-9⅞	5⅛-5¼	7 13/16-8 1/16	11⅛-11⅜	26-28	10¾-10⅞	10⅞-11⅛
One Year	14⅝-14⅞	10 11/16-11 3/16	10⅞-11¼	9 7/16-9 11/16	4⅞-5	7 9/16-7 13/16	11⅝-11⅝	23-25	11-11⅛	9⅝-9¾

Long-term Eurodollar two years 11½-11¾ per cent; three years 11¾-11⅞ per cent; four years 11⅞-12⅛ per cent; five years 12-12¼ per cent; nominal closing rate. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice. Asian rates are closing rates in Singapore.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 9.55-9.65 per cent; three-months 9.90-10.00 per cent; six-months 10.25-10.35 per cent; one year 10.45-10.55 per cent.

INTERNATIONAL MONEY MARKET

German rates ease

Interest rates continued to decline in Frankfurt yesterday, reflecting the relatively easy money market conditions prevailing at the moment. The market has coped quite easily with the small amount of tax payments due so far this month, but faces major tax payments in September, which could see rates firm again. For the time being however funds appear to be in very good supply, and there should be no problems with the repayment of a DM 5.4bn 20-day pension facility due on August 25. Call money was quoted at 8.4-8.6 per cent yesterday compared with 8.80-8.90 per cent on Wednesday, with longer term rates also showing an easier tendency. One-month money fell to 8.95-9.05 per cent from 9.20-9.25 per cent, and three-month money was lower at 8.80-8.90 per cent against 8.90-9.00 per cent previously. Meanwhile market opinion remains divided as to what decisions, if any, the Bundesbank will make on credit policies later this month.

In Zurich the authorities announced the 11th issue of money market certificates. The bills are to run for three months and about SwFr 200m are to be issued. The Swiss National Bank will accept bids between August 15 and August 19. The last series was offered a month ago and yielded 4.664 per cent.

In Paris call money remained at 11 per cent, and longer term rates were also unchanged. Credit Commercial de France is to cut its base rate as from next Monday to 12¼ per cent from 12½ per cent. This follows a similar move by Societe Generale.

GOLD

Further rise

Gold rose $12 an ounce in the London bullion market yesterday to close at $625-628. Trading was dull and uneventful. The only factor which may have prompted early interest was a statement from Saudi Arabia raising the question of a holy war against Israel. However, this provided limited stimulus in London, and during the afternoon, the metal touched a low point of $618-619½.

In Paris the 12½ kilo bar was fixed at FFr 83,600 per kilo ($629.60 per ounce) in the morning, compared with FFr 82,700 ($624.85) on Wednesday afternoon. There was no afternoon fixing yesterday as banks closed at midday ahead of today's national holiday.

In Frankfurt the 12½ kilo bar was fixed at DM 35,760 per kilo ($624.04 per ounce) against DM 35,225 ($617.02) previously, and closed at $625-628 against $614-617.

In Zurich gold finished at $625-628

	Aug. 14		Aug. 13	
Gold Bullion (fine ounce)				
Close	$625-628	(£263-264½)	$616-616	(£257¾-259)
Opening	$620-623	(£261-262¼)	$614-617	(£258¼-259½)
Morning fixing	$623	(£262.073)	$615.06	(£258.866)
Afternoon fixing	$626	(£263.413)	$615.25	(£258.617)
Gold Coins				
Krugerrand	$644-647	(£270½-272½)	$633-635	(£266¼-268¼)
Mapleleaf	$640-644	(£269¼-272¼)	$627-631	(£263¾-265¾)
New Sovereigns	$158¼-159¼	(£66⅛-67¼)	$155½-156½	(£65½-66½)
King Sovs.	$185-187	(£77½-79)	$185-185	(£77-78)
Victoria Sovs.	$185-187	(£77½-79)	$183-185	(£77-78)
French 20s	$161-164		$161-163	
50 pesos Mexico	$771-776		$762-767	
100 Cor. Austria	$611-618		$602-606½	
$20 Eagles	$748-750		$745-749	
$10 Eagles	—		—	
$5 Eagles	—		—	

UK MONEY MARKET

Large help

Bank of England Minimum Lending Rate 16 per cent (since July 3, 1980)

LARGE HELP

Day to day credit remained in short supply in the London money market yesterday, and the authorities gave assistance on a large scale. This comprised small purchases of Treasury bills and local authority bills direct from discount houses, and moderate loans to 5 or 6 houses at MLR, for repayment today. The market was faced with the repayment of Wednesday's moderate official lending, and banks brought forward balances a small way below target. There were no appreciable factors in the market's favour.

Discount houses were paying up to 15¾ per cent for secured call loans at the start, with later balances taken as low as 15 per cent. In the interbank market, overnight loans opened at 16¼-16½ per cent and eased soon after lunch to 15¾-16 per cent. Rates dipped further to 12-14 per cent, came back to 14-15 per cent, but finished at 12-14 per cent.

MONEY RATES

NEW YORK

Prime Rate	11.0
Fed. Funds	9¼-9½
Treasury Bills (13-week)	8.47
Treasury Bills (26-week)	8.85

GERMANY

Discount Rate	7.5
Overnight Rate	8.5
One month	9.0
Three months	8.85
Six months	8.25

FRANCE

Discount Rate	9.5
Overnight Rate	11.0
One month	10.96875
Three months	10.96875
Six months	11.0

JAPAN

Discount Rate	5.0
Call (Unconditional)	12.4375
Bills Discount (three-month)	12.5625

LONDON MONEY RATES

Aug. 14 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	12-15½	—	—	—	16½	15-16	—	—	—
2 days notice	—	—	16⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	15½-15¾	16½-16⅝	—	16⅞	16¾	15¾	—	—	—
One month	15⅝-16 5/16	16 1/16-16 11/16	15½-16⅝	17⅞-18	16⅞	16⅞-17	16⅝-16¾	14 13/16	16 13/32-16½	17⅛
Two months	16⅛-16⅜	16⅛-16⅝	—	17⅝-17⅞	15⅞	—	15⅝-15½	14 29/32	16 5/16-16 1/2	16¾
Three months	16⅜-15¼	16 1/16-16 5/16	16½-15⅝	17-17 1/16	15 11/16	16⅞	15⅛	14 23/32-14 13/16	15¾	16⅜
Six months	15¾-15⅝	15¾-15⅞	15⅝-15⅞	15½-15	16¼	16⅝	—	—	14¾	15¼
Nine months	15-14⅞	15-15¼	—	15½-15⅞	15½	15	—	—	—	—
One Year	14 9/16-14 11/16	14 9/16-14 11/16	14⅝-14¾	14½-15	14⅞	15¼	—	—	—	—
Two years	—	—	14¼-14⅝	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rate nominally three years 14¾-14¼ per cent; four years 13⅞-14⅛ per cent; five years 13¾-14⅛ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 15 7/16 per cent; four-month trade bills 16⅛ per cent.

Approximate selling rate for one-month Treasury bills 14 27/32-14 25/32 per cent; two-month 14 23/32-14 22/32 per cent; three months 14 21/32 per cent. Approximate selling rate for one-month bank bills 16 15/32 per cent; two months 16 5/32 per cent; three months 15⅝-15 21/32 per cent; one-month trade bills 16⅞ per cent; two months 16½ per cent; and three-months 16⅛ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 16½ per cent from August 1, 1980. Clearing Bank Deposit Rate for sums at seven days' notice 14 per cent. Clearing Bank Rates for lending 16 per cent. Treasury Bills Average tender rates of discount 14.8565 per cent.

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, August 13, 1980. The Exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assumes responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	44.00
Albania	Lek	4.2488
Algeria	Dinar	3.8325
Andorra	French Franc	4.1162
	Spanish Peseta	72.285
Angola	Kwanza	27.627
Antigua	E. Caribbean $	2.7025
Argentina	Argentine Peso	1873.00
Australia	Australian $	0.8617
Austria	Schilling	12.5825
Azores	Portug. Escudo	40.42
Bahamas	Bahamian $	1.00
Bahrain	Dinar	0.3778
Balearic Isles	Spanish Peseta	72.285
Bangladesh	Taka	14.7711
Barbados	Barbados $	2.01
Belgium	B. Franc (C)	28.407
	B. Franc (F)	28.715
Belize	Belize $	2.00
Benin	C.F.A. Franc	205.81
Bermuda	Bda $	1.00
Bhutan	Indian Rupee	7.77
Bolivia	Bolivian Peso	25.55
Botswana	Pula	0.7686
Brazil	Cruzeiro	54.705
Brit. Virgin Islns.	U.S. $	1.00
Brunei	Brunei $	2.1285
Bulgaria	Lev	0.870
Burma	Kyat	6.7271
Burundi	Burundi Franc	90.00
Cameroun Republic	C.F.A. Franc	205.81
Canada	Canadian $	1.1582
Canary Islands	Spanish Peseta	72.285
Cape Verde Isle	Cape V. Escudo	36.51
Cayman Islands	Cay. Is. $	0.835
Cent. Af. Rep.	C.F.A. Franc	205.81
Chad	C.F.A. Franc	205.81
Chile	Chilean Peso (D)	39.00
China	Renminbi Yuan	1.4907
Colombia	Col. Peso (D)	47.70
Comoros Islands	C.F.A. Franc	205.81
Congo (Brazzaville)	C.F.A. Franc	205.81
Costa Rica	Colon	8.57
Cuba	Cuban Peso	0.707
Cyprus	Cyprus Pound	0.3513
Czechoslovakia	Koruna (D)	5.50
Dom. Rep. S'oTome & Principe	S. Tome Dobra	34.3022
Denmark	Danish Krone	5.4815
Djibouti Rp. of	Djibouti Franc	172.385
Dominica	E. Caribbean $	2.7085
Dominican Repub.	Domin'can Peso	1.00
Ecuador	Sucre	28.10
Egypt	Pound (3)	0.69
El Salvador	Colon	2.50
Equatorial Guinea	Ekuele	72.285
Ethiopia	Birr (D)	2.0855
Faroe Islands	Danish Krone	5.4815
Falkland Islands	Falkland Is. £*	2.3784
Fiji Islands	Fiji $	0.8073
Finland	Markka	3.637
France	French Franc	4.1162
French G'ty in Af.	C.F.A. Franc	205.81
French Guiana	Local Franc	4.1162
French Pacific Is.	C.F.P. Franc	71.4766
Gabon	C.F.A. Franc	205.81
Gambia	Dalasi	1.8818
Germany (East)	Ostmark (O)	1.7765
Germany (West)	Deutschemark	1.7765
Ghana	Cedi	2.75
Gibraltar	Pound*	2.3784
Gilbert Is.	Kiribati	0.8517
Greece	Drachma	42.875
Greenland	Danish Krone	5.4815
Grenada	E. Caribbean $	2.7025
Guadaloupe	Local Franc	4.1162
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	33.3548
Guinea Republic	Syli	18.7128
Guyana	Guyanese $	2.512
Haiti	Gourde	5.55
Honduras Repub.	Lempira	2.00
Hong Kong	H.K. $	4.942
Hungary	Forint (D)	32.6022
Iceland	I. Krona	485.00
India	Ind. Rupee	7.77
Indonesia	Rupiah	625.00
Iran	Rial	70.00
Iraq	Iraq Dinar	0.2953
Irish Republic	Irish Punt*	2.1207
Israel	Israeli Pound (4)	52.56
Italy	Lira	840.35
Ivory Coast	C.F.A. Franc	205.81
Jamaica	Jamaican Dollar	1.7835
Japan	Yen	224.12
Jordan	Jordan Dinar	0.2915
Kampuchea	Riel	n.a.
Kenya	Kenya Shilling	7.3028
Korea (Nth)	Won	0.94
Korea (Sth)	Won	604.00
Kuwait	Kuwait Dinar	0.2684
Lao P'ple D. Rep.	Kip of Lib.	16.00
Lebanon	Lebanese Pound	3.4297
Lesotho	Loti	0.7578
Liberia	Liberian $	1.00
Libya	Libyan Dinar	0.2951
Liechtenstein	Swiss Franc	1.636
Luxembourg	Lux Franc	28.407
Macao	Pataca	5.305
Madagascar D. R.	MG Franc	205.81
Madeira	Portuguese Escudo	40.42
Malawi	Kwacha	0.8028
Malaysia	Ringgit	2.14
Maldive Islands	Mal Rupee	3.93
Mali Republic	Mali Franc	411.58
Malta	Maltese Pound	0.3572
Martinique	Local Franc	4.1162
Mauritania	Ouguiya	41.162
Mauritius	M. Rupee	7.5806
Mexico	Mexican Peso	23.56
Miquelon	French Franc	4.1162
Monaco	French Franc	4.1162
Mongolia	Tugrik (D)	3.3555
Montserrat	E. Caribbean $	2.7085
Morocco	Dirham	3.7528
Mozambique	Moz. Escudo	33.2863
Namibia	Rand	0.7578
Nauru Is.	Aust. $	0.8617
Nepal	Nepalese Rupee	12.00
Netherlands	Dutch Guilder	1.9387
Netherland Antilles	Antillian Guild	1.80
New Zealand	NZ $	1.0189
Nicaragua	Cordoba	10.00
Niger Republic	C.F.A. Franc	205.81
Nigeria	Naira (O)	0.5443
Norway	Norw'g Krone	4.8476
Oman, Sultanate of	Rial Omani	0.3456
Pakistan	Pkst. Rupee	9.91
Panama	Balboa	1.00
Papua N.G.	Kina	0.6609
Paraguay	Guarani	137.60
Peoples D. Repub. of Yemen	S. Yemen Dinar	0.3415
Peru	Sol	291.02
Philippines	Ph. Peso	7.56
Pitcairn Islands	NZ $	1.0189
Poland	Zloty (O)	31.00
Portugal	Port. Escudo	49.42
Port Timor	Timor Escudo	n.a.
Puerto Rico	U.S. $	1.00
Qatar	Qatar Ryal	3.678
Reunion Ile de la	French Franc	4.1162
Romania	Leu	4.47
Rwanda	Rwanda Franc	88.84
St. Christopher	E. Caribbean $	2.7025
St. Helena	£ Sterling*	2.3784
St. Lucia	E. Caribbean $	2.7025
St. Pierre	Fr Franc	4.1162
St. Vincent	E. Caribbean $	2.7025
Samoa American	U.S. $	1.00
San Marino	Italian Lira	845.55
Saudi Arabia	Saudi Riyal	3.317
Senegal	C. F. A. Franc	205.81
Seychelles	S. Rupee	6.6046
Sierra Leone	Leone	0.8488
Singapore	Singapore $	2.1255
Solomon Islands	S.I. $	0.8617
Somali Republic	Som. Shilling	6.0841
South Africa	Rand	0.7578
Spain	Peseta	72.285
Spanish Ports in North Africa	Sp. Peseta	72.285
Sri Lanka	S. L. Rupee	15.45
Sudan Republic	Pound (2)	0.50
Sudan Republic	Pound (1)	0.80
Surinam	S. Guilder	1.80
Swaziland	Lilangeni	0.7575
Sweden	S. Krona	4.158
Switzerland	Swiss Franc	1.635
Syria	Syrian Pound	3.9262
Taiwan	New Taiwan (D)	36.00
Tanzania	Tan Shilling	8.2883
Thailand	Baht	20.50
Togo Republic	C.F.A. Franc	205.81
Tonga Islands	Pa'anga	0.8617
Trinidad & Tob.	Trin. & Tob. $	2.4065
Tunisia	Tunisian Dinar	0.4131
Turkey	Lira	80.00
Turks & Caicos	U.S. $	1.00
Tuvalu	Australian $	0.8617
Uganda	Ug. Shilling	7.3020
United Arab Emir.	UAE Dirham	3.6885
United Kingdom	£ Sterling*	2.3784
Upper Volta	C.F.A. Franc	205.81
Uruguay	Urug. Peso	9.15
U.S.S.R.	Rouble	0.6438
Vanuatu	Aust. $	0.8617
Vanuatu (5)	FNN	66.5101
Vatican	Italian Lira	840.35
Venezuela	Bolivar	4.2937
Vietnam N.	Dong (O)	2.18
Virgin Islands U.S.	U.S. $	1.00
Western Samoa	Samoan Tala	0.9005
Yemen	Rial	4.57
Yugoslavia	New Y. Dinar	27.30
Zaire Republic	Zaire Zaire	1.5826
Zambia	Kwacha	0.7765
Zimbabwe	Zim $	0.6835

n.a. Not available. * U.S. dollars per National Currency unit. (O) Official rate. (G) Commercial rate. (F) Financial rate.
(1) Sudan—Official rate for specified exports and imports. (2) Sudan—Official rate for all transactions except specified exports and imports.
(3) Egypt—A different rate applies to certain transactions with non-IMF countries.
(4) Israeli Government are changing their currency to Shekels. However dealers are currently quoting in pounds.
(5) New Hebridas Independence 30/7/80 now named Vanuatu.

Power Corporation 35% up at halfway

By Robert Gibbens in Montreal

AN INCREASE of 35 per cent in first-half profits is announced by Power Corporation of Canada, the major financial services, pulp and paper packaging, transportation and industrial products group.

Operating earnings totalled C$47.6m (US$41.3m) or $1.85 a share, compared with $35m or $1.35 a share in the first half last year, on revenues of $135m against $115m previously.

Second quarter earnings were equal to $1.09 a share, against 93 cents last year, on revenues of $109m, against $81m. Both periods exclude extraordinary gains totalling $7.3m, against $4.2m.

The company is controlled by financier Mr. Paul Desmarais, while the Paribas banking group is a major shareholder.

● Canada Cement Lafarge, Canada's largest cement manufacturer, had an operating loss of C$$84,000 in the first half-year, excluding a special $4m charge to cover the closure of its cement plant in Alabama. This compares with a profit of $4.7m or 22 cents a share for the same period last year. Sales were $271m against $245m.

Profits are usually stronger in the second half of the year because of seasonal factors in the construction industry. However, the company says the slowdown in construction in most of North America will mean second-half profits lower than those last year.

●Air Canada eliminated its C$5m first quarter loss with a second quarter profit of C:17.5m. Last year's first quarter produced a C$3.6m profit and the second quarter a C$19.5m profit.

● First half profits of Hawker Siddeley Canada advanced from C$13.3m or C$1.58 a share to C$15.4m or C$1.84 a share.

The company said factory production in the second quarter was reduced by labour disputes which are still unresolved. These problems, plus the recession, make it unlikely that the second half year's results will match those in the first half.

Brake on Quaker Oats growth in fourth quarter

BY PAUL BETTS IN NEW YORK

QUAKER OATS, the Chicago-based foodstuffs group, reported yesterday record sales and earnings for its 1980 fiscal year ended June 30. But it warned it expected its operations to be hit in the second part of this year by the U.S. recession.

Net earnings in fiscal 1980 totalled $96.4m, equal to $4.55 a share and 13 per cent higher than the company's profits of $94.5m, or $4.01 a share last year. Consolidated sales were 22 per cent up from $1.97bn at $2.4bn.

In the fourth quarter, operating income was up 13 per cent over the same period last year. But a combination of higher interest rates and foreign currency exchange losses led to an effective drop in fourth quarter net earnings from $22.1m or $1.08 a share last year to $21.6m or $1.01 a share.

The increase in operating income reflects gains in U.S. grocery products, international grocery products and most prominently in the Fisher-Price toys division, the company said.

According to Mr. Robert Stuart, the chairman, fiscal 1980 was the company's fifth consecutive year of increased operating income.

But the chairman said that although Quaker Oats expected another record year in fiscal 1981 "the continuing impact of the recession would adversely affect comparisons to the strong year-ago performance."

GM finalises Portuguese plans

BY JIMMY BURNS IN LISBON

GENERAL MOTORS, the U.S. vehicle maker, has finalised details of a car components plant in Portugal, Sr. Alexaindre Vaz Pinto, chairman of the Portuguese Foreign Investment Institute, said yesterday. An agreement on government incentives for GM will be signed August 28.

GM will acquire the facilities of Cimbor, the troubled state-owned components manufacturer, and integrate production of rubber and plastic vehicle components with GM's new assembly plant in Spain.

Sr. Vaz Pinto valued GM's investment at $50m and forecast annual components exports of about $30m.

Under a new scheme of incentives agreed with the Portuguese Government, GM will be entitled to preferential credit terms on loans contracted on the domestic market, a loan of undisclosed size from the Portuguese state to cover the training of new personnel, and a seven-year exemption from most local taxes.

Sr. Vaz Pinto stressed yesterday that GM had agreed to take over the site of financially-troubled Cimbor but was under no firm commitment to assume responsibility for the Portuguese company's present labour force.

However, the Portuguese Government has agreed to pay the salaries of Cimbor's 200 workers for what Sr. Vaz Pinto described as a "generous period." Moreover, once GM has converted the plant, which is 160 kilometres north east of Lisbon, it is expected to employ 400 workers, some of whom will be drawn from Cimbor after retraining.

Briggs and Stratton lifts income

BY OUR FINANCIAL STAFF

BRIGGS AND STRATTON, the world's largest manufacturer of single-cylinder four-stroke petrol engines, reported higher sales and net profits for the fourth quarter ended June 30 in the face of weak U.S. consumer spending. About 77 per cent of its engines are used in lawn mowers and other garden equipment.

Fourth quarter profits were $12m or $3 cents a share, up 9 per cent from a year ago, on sales of $179.2m, up 15 per cent.

This brought full year profits to $49.1m or $3.39 a share against $48.5m or $3.35. Sales rose 20 per cent during the year to $708.6m.

About 91 per cent of Briggs and Stratton's sales are engines and parts. The balance is automotive locks for all the leading car and truck manufacturers.

The company invested $45m in fiscal 1980, mainly on a Wisconsin distribution centre and tooling for its first two-cylinder engine.

A year ago, the company made a major acquisition in Europe with the takeover of Farymann Diesel of West Germany, a manufacturer of small air and water cooled diesel engines.

The company said it expects to ship about 10 per cent fewer engines in fiscal 1981 than in the year ended June 30.

Reporting a 4 per cent gain in fourth quarter engine shipments, Briggs and Stratton said engine demand remained strong in late spring as customers anticipated a possible strike. But demand for engines has weakened in recent weeks.

Record results from Consolidated Foods

CHICAGO — Consolidated Foods registered its best year-to-year earnings gain in five years for fiscal 1980 ended June 30 and the highest return on equity in its history, according to Mr. John H. Bryan Jnr., chairman and chief executive officer.

Net earnings rose almost 15 per cent to about $128m from 1979's $111m, while per-share earnings rose 14.4 per cent to $4.12. Sales increased 13 per cent to about $5.3bn.

The results were in line with both analysts' and the company's expectations, Mr. Bryan declared. Return on shareholders' equity for the diversified food company rose to 15.6 per cent from the previous year's 14.8 per cent. It has averaged just over 14 per cent since fiscal 1976.

Most of the company's businesses performed well last year, Mr. Bryan said, but earnings from frozen foods "were off modestly" because of the recession, and vacuum-cleaner maker Electrolux saw an expected 25 to 30 per cent earnings plunge.

Electrolux, sickly for several years, "hit bottom" in April and sales have risen since May over the previous year. An improvement in Electrolux earnings is expected this year mainly because stocks have been pruned, cutting expenses.

The past year has also seen a turnround at Shasta, Consolidated Foods' soft drinks concern. Sales have slid for several years but they reversed in the fourth quarter, Mr. Bryan said, and profits for the year jumped between 50 and 75 per cent. But he emphasised that they rose from a low base.

Regarding the recent announcement by the Federal Trade Commission of a probe into advertising claims for fructose-sweetened soft drinks, Mr. Bryan said Shasta stopped using such advertisements months ago, not because of misleading claims but because Shasta had lost its "uniqueness" in using fructose as its competitors switched from sugar. The FTC has not yet contacted Consolidated Foods directly about the investigation.

Hanes, the consumer packaged goods company acquired in 1979, contributed to group earnings for the first time last year, providing 15 per cent of the total. Hanes' new cosmetics business L'erin lost about $12m as expected. Now sold in 60 per cent of the U.S. in the same mass merchandise outlets as L'eggs hosiery, L'erin will lose about another $12m this year and will not cross into the black until fiscal 1982.

The newest Hanes venture selling children's books in the same outlets as the stockings and cosmetics will continue in test markets where it is "moving well," Mr. Bryan said.

Capital expenditures for fiscal 1981 will rise 25 per cent to about $200m from last year's $160m, he said, and will include a new coffee plant in France.

AP-DJ

INTERNATIONAL CAPITAL MARKETS

Eurobonds for INA and Nichii

By Our Euromarkets Staff

TWO CONVERTIBLE Eurobond issues—one denominated in dollars, the other in Deutsche Marks — were launched last night. The U.S. insurance company INA is arranging a $60m 20-year issue through Blyth East man Paine Webber.

In the D-Mark foreign bond sector, Nichii, the supermarkets chain, is arranging an eight-year DM 80m convertible through Deutsche Bank with a 6½ per cent coupon.

Meanwhile, prices of straight dollar bonds edged up but most dealers seemed to be unconvinced that the movement was firmly based.

The $80m deferred purchase bond for Alcoa of Australia, launched on Wednesday by Credit Suisse First Boston, was sold out in two hours yesterday. Only one quarter of the 12 per cent eight-year bond must be paid for in September—the rest in January. The portly-paid bond was quoted in the grey market at 24¼-24½ yesterday— a narrow discount on the par price of 25.

Nevertheless the market seemed perplexed as to why an obligation in four months time to buy part of a bond yielding 12 per cent should be more attractive than a straight bond today yielding perhaps 12½ per cent. The only advantage obvious to all appeared to be the leveraging effect available to a short-term investor.

There were also doubts on whether holders of the partly paid bond would be legally bound to pay the final 75 per cent in January, and whether underwriters would be liable to raise the full $80m for the borrower. According to CSFB the answer to both points is no. In the event of investors' failure to pay in January — say, because the market price of the fully paid bond has fallen below 75— the investor forfeits his initial payment. The borrower thenceforth has the part payment for free, instead of the full payment at 12 per cent.

In the floating rate note sector, Credit Lyonnais is launching two $30m bonds in quick succession. The first, arranged this week in the Asian market, has been managed by Credit Lyonnais (Hong Kong) and Nomura. The second, coming this week-end, is being arranged by the National Bank of Abu Dhabi.

Pakistan raises $200m in credits

By David Tonge

PAKISTAN has raised $200m of credits from a consortium of banks led by Bank-America International Group and Citicorp International Group. Of this, $100m is a one-year Eurodollar credit for the import of fertilisers, wheat and edible oil. The spread has not been disclosed but is believed to be 1¼ per cent over Libor.

The other $100m is in the form of U.S. bankers' acceptance credits. Both credits are guaranteed by the State Bank of Pakistan, the central bank. Agreements for the credits are to be signed in London today with Mr. Qazi Alimullah, Joint Secretary at the Ministry of Finance.

The short term of the credits reflects the managing banks' assessment of the wariness of the market in lending to Pakistan. But the credits were oversubscribed. In part, this was because reserves have picked up dramatically this year. In the first four months of 1980 they trebled to nearly $1bn, partly as a result of aid from other Moslem countries, in particular Saudi Arabia.

Exports have also performed well and there has been a good harvest. Further, in the 12 months starting this July western donor countries and international agencies have pledged $980m to Pakistan, only just less than the Government had asked for.

These developments mean that Pakistan's original request to reschedule $230m of interest and debt amortisation falling due this year has been made unnecessary.

Floating spread likely for Brazilian loan

By Francis Ghilès

THE BRAZILIAN metro company, Empress Brasileira de Transportes Urbanos is seeking a $180m credit for eight years. No mandate has been awarded but Banque de Paris et des Pays Bas is trying to assemble a management group.

The interest formula has yet to be worked out but is expected to include the novel feature of a "floating spread."

The credit would carry an initial margin over the interbank rate of 1⅞ per cent with a minimum of 1⅛ per cent. Thereafter participating banks would quote a spread based on an assessment of what the market would demand of the borrower if it were to seek the same amount for the maturity remaining.

Deutsche Babcock boosts nine-months turnover

BY KEVIN DONE IN FRANKFURT

DEUTSCHE BABCOCK, the West German construction and engineering group, boosted sales by 14 per cent in the nine months ended June to DM 2.3bn ($1.3bn). Domestic business has been helped by orders for two steam-powered generators from West German utility companies and total new orders booked in the nine months amounted to DM 4.3bn, only slightly below last year's peak level of DM 4.5bn.

As a result of the new work booked from the domestic electricity supply industry, home orders rose by 15 per cent in the nine months to DM 2.3bn.

For the first time for many years new domestic orders exceeded new foreign orders. New foreign orders totalled only DM 2.1bn compared with DM 2.5bn a year ago, reducing their share of total new orders from 57 per cent to 48 per cent.

Deutsche Babcock, which is 25 per cent owned by the state of Iran, has traditionally done well from members of OPEC and it has again taken several new orders from the Middle East in the past nine months.

Its total foreign businesses has been slowed down, however, by the growing need to enter compensation trading deals, to provide financing for foreign projects, and to take adequate safeguards against possible foreign currency weaknesses.

Deutsche Babcock's total order book stands at DM 12bn compared with DM 10.8bn a year ago. Of this 73 per cent of the contracts are for overseas work, although the share of foreign orders has fallen slightly from 78 per cent 12 months ago.

The company was at pains yesterday to prick any premature euphoria that the gradual reawakening of the power station market in West Germany will quickly be translated into higher sales and profitability. This could only be the case later in the 1980s.

The virtual collapse of demand for conventional power stations between 1974 and 1978 in West Germany meant that there were now no steam generators being built which would be booked as finished sales in the current year.

● Lufthansa, West Germany's national airline, reports that its revenue load factor dropped to 60.5 per cent in the first half of 1980 compared to 64.1 per cent in the first half of 1979. The airline attributed the decline to the use of new routes and larger aircraft.

Lufthansa expanded its seat-kilometres capacity by 14.6 per cent to 17.06bn in the first half-year, while increasing freight capacity by 12.6 per cent. However, passengers rose by only 3 per cent.

Bonde Nielsen liquidates Danish conglomerate

BY HILARY BARNES IN COPENHAGEN

MR. JAN BONDE NIELSEN, until last month managing director and controlling shareholder in the Burmeister and Wain shipbuilding group, has decided to put his own group of companies, the Egetofte Companies, into voluntary liquidation.

This follows the decision last week by the B and W parent company to suspend payments to creditors after a creditor opened bankruptcy proceedings.

Mr. Bonde Nielsen's B and W shares are held by Gredana, an investment company with textile industry interests. The company's stock exchange quotation was suspended this week. B and W is now controlled by a group of Danish insurance companies.

Egetofte sold the B and W shares to Gredana in April of last year, giving Mr. Bonde Nielsen control of Gredana.

● Two major Danish banks have reported increases in assets and earnings.

Privatbanken's first half operating profits have risen from DKr 129m ($24m) to DKr 145m. The increase is attributable to an improvement of Dkr 62m in unrealised gains on foreign exchange and security holdings.

The bank said that for the year as a whole earnings will be in line with last year's. Assets at June 30 totalled Dkr 26bn, an increase of 11 per cent over the year.

At Provinsbanken an increase in operating profits from DKr 75m to DKr 93m is reported for the first half of 1980. Assets increased by 21 per cent to DKr 12.6bn at the end of June.

Convertible note issue from APM

By James Forth in Sydney

AUSTRALIA'S largest paper-maker, Australian Paper Manufacturers (APM) plans to raise A$45m (US$52m) through an issue of convertible unsecured notes. The announcement comes only two weeks after the group reported a 50 per cent jump in profits to A$40m for the year to June.

APM plans to issue 20m notes at A$2.25 each, convertible to shares on a one-for-one basis on July 15 in 1982, 1985, 1987 and 1990. The conversion price is only 10 cents above Wednesday's closing price for APM shares in Sydney of A$2.15. The notes carry an interest rate of 11 per cent.

The notes will be offered to shareholders on the basis of 100 notes for every 1,000 APM shares held on September 4.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on August 14

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Brit. Oxygen F. 10¾ 90	50	86⅝	87⅛	0	−1½	13.18
CECA Grad. Rate 12 86	100	96⅛	96⅝	+0⅛	−1	12.04
CECA 11½ 90	50	96	97	+0½	+0⅛	12.24
CECA 11½ 88	100	97	97½	+0⅛	−0¼	12.04
Citicorp O/S Fin. 10 86	300	91¾	92¼	+0⅛	−0⅛	11.96
Con. Illinois O/S 9¾ 86	150	90⅛	90⅝	+0⅛	−0⅛	12.08
Denmark 11¼ 90	100	95⅛	95⅝	+0⅛	−1	12.58
Dome Petroleum 13½ 92	50	100⅛	100⅝	+0⅛	−0⅛	13.40
EEC 11 85	75	91	91⅛	+0⅛	−1½	12.30
EIB 11¾ 92	80	92¾	93¼	+0⅛	−1	12.93
EIB 13¾ 90	100	103¾	104¼	+0⅛	−0⅞	12.98
Eksportfinans 11¼ 87	50	97	97½	+0⅛	−0⅝	11.85
Eksportfinans 9½ 87	75	88¾	89¼	+0½	−1⅛	12.03
Elec. de France 10 88	125	90⅜	90⅞	0	−1⅜	11.89
Export Dv. Cpn. 12¾ 87	100	102½	102⅞	0	−1⅛	12.16
Export Dv. Cpn. 9½ 88	150	90¾	91¼	+0⅛	−1	11.81
Federal Dev. Bk. 12¼ 85	75	100⅞	101⅜	+0⅛	−1	11.89
Fin. Exp. Credit 10½ 85	50	95¾	96¼	−0⅛	−0⅛	11.[illegible]
Finland Rep. of 9½ 86	100	88⅛	88⅝	+0⅛	−1⅛	12.48
Ford O/S Fin. 12⅞ 85	250	88¼	98¾	+0⅛	−0⅛	13.03
George Weston 13½ 87	30	100¼	100¾	+0⅛	−0⅜	13.35
GMAC O/S Fin. 11 84	100	97½	98	+0½	−0⅛	11.65
GMAC O/S Fin. 13½ 85	100	103⅛	103⅝	+0⅛	−0⅞	12.33
Goodyear O/S 12½ 87	75	96⅞	91⅜	+0⅛	−0⅛	13.14
Hudson's Bay 11½ 90	75	93	93½	+0⅛	−1⅛	12.72
IBM Canada 10½ 85	50	96⅝	97⅛	+0⅛	−0⅞	11.35
ICI Fin. Ned. 11 83	100	99⅛	89⅝	0	+0½	11.18
McGraw 13½ 85	75	99⅞	100⅛	+0⅛	−0⅜	13.41
Norwest Ind. 13⅜ 87	50	99½	100	+0⅛	−0⅛	13.64
Nova Scotia 10¼ 90	50	90¾	91¼	+0⅞	−0½	12.37
OKB 10 85	50	94¾	95¼	+0⅛	−1⅛	11.37
Pembroke Capital 9⅜ 81	100	91	91½	0	−1⅜	11.52
Pemex 11½ 88	100	94	94½	+0⅛	−1⅛	12.68
Quebec Hydro 11½ 92	100	92⅞	93⅜	+0⅛	−1	12.63
Ropateel O/S 11½ 88	100	89⅜	89⅞	0	−0⅞	13.72
Roylease Ltd. 11⅛ 85	50	98	98½	+0⅛	−0⅛	11.72
SNCF 12⅜ 85	50	102⅜	102⅞	+0⅛	−0⅛	11.59
Swed. Ex. Cred. 12½ 85	40	100	100½	0	−1	12.38
US Finance BV 11 90	50	86⅞	87⅜	−0⅛	−0⅞	13.41
Unilever NV 9¾ 90	100	87½	87⅞	0	−0⅞	11.94
World Bank 9⅝ 85	200	93⅞	94⅜	+0⅛	−1	11.38
World Bank 10⅛ 87	300	93⅞	94⅜	+0⅛	−0⅞	11.52

Average price changes... On day +0⅛ on week −0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Akzo 9 90	125	102⅞	103⅜	0	−0⅛	8.49
Australia 8⅛ 90	250	102¾	103¼	−0⅛	−0⅛	7.66
BFCE 7¾ 87	100	100¼	101	−0⅛	−0⅛	7.91
BFCE 8⅛ 95	100	100⅝	101⅛	0	+0⅛	8.00
Brazil 8 81	150	92¾	93¼	−0⅛	−0⅛	8.47
Council of Eur. 7¾ 89	100	96⅜	96⅞	0	−0⅛	7.81
Denmark 7⅞ 85	100	99¾	100¼	+0⅛	+0⅛	7.94
Denmark 8½ 92	100	99½	100½	+0⅛	+0⅛	8.24
EEC 7⅞ 94	225	99	99⅜	+0⅛	−0⅛	7.94
Iberduero 8 90	100	98¾	99¼	+0⅛	+0⅛	9.14
Finland Rep. of 8 86	150	100⅜	100⅞	−0⅜	+0½	7.88
Kobe, City of 7½ 89	150	95⅞	96⅜	+0⅛	0	7.71
Kobe, City of 8 90	100	100⅞	101⅜	0	+0⅛	7.88
Mt. Bk. Denmark 8½ 90	150	100⅝	101⅛	+0⅛	+0⅛	8.36
Norway 7½ 85	250	101½	101⅞	+0⅛	+0⅞	7.08
OKB 7⅞ 89	100	96⅛	96⅞	0	−0⅛	7.92
OKB 8⅛ 82	150	100⅞	101⅜	+0⅛	+0⅛	8.08
Oslo, City of 8⅜ 90	80	102¾	103¼	+0⅛	+0½	8.25
Sweden 9¾ 87	200	107¾	108¼	−0⅛	−0⅛	8.12
World Bank 8 90	700	99⅞	100⅜	0	−0⅛	7.96
World Bank 7⅞ 90	250	99	99¼	+0⅛	−0⅛	7.96
World Bank 10 86	150	108¾	109¼	+0⅛	−0⅛	8.01
World Bank 10 90	200	112½	113½	0	+0⅛	7.99

Average price changes... On day 0 on week 0

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 5½ 89	80	91½	92	+0⅛	−0⅛	6.74
Bergen, City of 4¾ 91	40	93¾	93½	+0⅛	+0⅛	5.57
Bergen, City of 8 90	50	103¾	104	−0⅛	+0⅛	5.48
BNDE 5 89	75	84	84½	−0⅛	−0⅛	7.50
BMW Overseas 4¾ 91	100	92½	92¾	−0⅛	−0⅛	5.12
Buhrm'n-Tetterode 7 90	40	105¼	105½	−0⅛	−0⅜	8.24
Caisse Nat. Tele. 4⅜ 89	100	†94¼	94¾	−0⅛	+0⅛	5.15
Copenhagen 4½ 91	80	88	88½	−0⅛	−1⅛	5.99
Council of Eur. 5 89	100	95½	95¾	+0⅛	+0⅛	5.61
Denmark 5¼ 90	80	100¼	100¾	0	+0⅛	5.88
EIB 4⅞ 94	100	87½	87¾	−0½	0	5.68
Elet. de France 4⅞ 89	100	94½	94¾	−0⅛	+0⅛	5.14
F. C. H. Hypo. Bk. 8 90	50	†104	104½	+0⅛	+1⅛	5.43
CZB 4¾ 89	100	†90½	91	−0⅛	0	5.56
Hilti 4½ 91	35	†94½	95	0	+0½	4.87
Int.-Amer. Dev. 4½ 89	100	†91½	92	0	+0⅛	5.70
Int.-Amer. Dev. 7 90	80	106⅜	106⅝	0	+0⅛	6.12
Jutland Tele. 5½ 90	50	98⅞	99⅛	+0⅛	−0⅛	5.62
Malaysia 5 89	80	88¾	89	−0⅛	+0⅛	6.66
Newag 5¾ 90	80	102⅜	102⅝	+0⅛	+0⅛	5.40
Nippon Tel. & T. 4¾ 89	100	†95	96	+0½	+0⅛	4.87
Nordic Bank 5 89	45	98½	98¾	−0⅛	+1⅛	5.20
Norges Komm. 4⅞ 91	100	†91½	92	−0⅛	−0⅛	5.38
OKB 4⅞ 91	100	91⅜	91⅝	−0⅛	−0⅛	5.41
OKB 6 90	100	103⅜	103⅝	+0⅛	+0½	6.52
Oslo, City of 4⅞ 91	100	89⅛	89⅜	+0⅛	0	5.70
Sekisui Pre. Hms. 6 90	80	102¾	103	−0⅛	+0⅛	5.61
Shikoku El. Pwr. 4¾ 89	100	95½	95¾	−0⅛	−0⅛	5.37
World Bank 4⅝ 89	100	96¼	96½	−0½	+0⅛	5.14
World Bank 4⅞ 89	150	91⅛	91⅜	+0⅛	+0½	5.63
World Bank 4⅝ 81	100	†90½	91	−0⅛	−1	5.76

Average price changes... On day 0 on week +0½

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	92	93	0	0	8.40
Australia 6½ 88	20	87¾	89	0	−0½	8.65
EIB 7¾ 89	12	98	97½	+0⅛	+0⅞	*8.25
Finland 5.0 83	10	91⅛	92⅛	+0⅛	+0⅞	8.55
Finland 8.8 88	10	87⅞	89⅛	0	−0½	8.96
Finland, Rep. of 8⅜ 81	15	96⅞	81⅞	+0⅛	+0½	8.89

Average price changes... On day +0⅛ on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10⅛ 88 C$	80	93½	93⅞	0	−0⅛	12.34
CIBC 13½ 85 C$	50	†101½	102	−0¼	−0⅛	12.94
CIBC 11½ 85 C$	60	†95½	96	−0⅛	−0¼	12.70
Federal Dev. 11½ 90 C$	60	†93	93½	0	−0⅛	12.73
Fst. Can. Inv. 10 84 C$	50	†92½	93	−0½	+0⅛	12.50
GMAC 12 85 C$	80	†97¼	97¾	0	−0⅛	12.69
R. Bk. Canada 10 86 C$	40	92½	92⅞	−0⅛	−0⅛	11.88
Tordom Cpn. 13½ 86 C$	30	†101½	102	−0⅛	−0⅛	12.94
M. Bk. Dnmk. 9 91 EUA	25	93⅞	95⅞	0	+0⅛	9.82
SOFTE 8¾ 89 EUA	40	88⅛	89⅛	0	0	10.28
U. Bk. Nrwy. 8½ 90 EUA	18	99	100⅛	0	+0¼	9.54
Algemene Bk. 8¼ 84 Fl	75	96⅛	96⅞	+0⅛	+0⅛	8.27
Algemene Bk. 10¼ 87 Fl	400	100¾	101¼	+0⅛	+0⅛	[illegible]
Bk. Mees & H. 10 85 Fl	75	99⅞	100⅛	+0⅛	0	[illegible]
Heineken NV 10 87 Fl	75	100¾	101¼	+0⅛	+0⅛	9.75
Ned. Gasunie 8¾ 84 Fl	50	99⅛	99⅞	−0⅛	+0⅛	[illegible]
Norway 8⅛ 84 Fl	100	96⅜	97⅛	+0⅛	+0⅛	9.18
Philips Lamps 8⅛ 84 Fl	75	96¼	96¾	−0⅛	−0⅛	9.46
Air France 11 84 FFr	120	*96½	97½	+0⅛	+0⅛	11.96
CECA 14¾ 86 FFr	150	*105¾	106¾	0	0	12.59
Finland 11 84 FFr	80	*95½	96½	0	+0⅛	12.25
Finland 11½ 88 FFr	70	*93½	94½	0	+0⅛	12.62
Gaz de France 11 84 FFr	150	†95½	96½	0	+0⅞	12.24
IBM France 11⅞ 84 FFr	120	*97¼	98¼	0	+0⅛	12.52
Renault 9¾ 85 FFr	100	†87¼	88¼	−0⅛	−0⅛	13.38
Saint-Gobain 9¾ 86 FFr	130	86½	87½	+0⅛	+0⅛	13.08
Solvay et Cie 9¾ 87 FFr	125	86½	86¾	+0⅛	+0⅛	12.98
Utd. Mex. Sts. 14 85 FFr	150	†101	102	+0⅛	+2½	13.51
Beneficial Fin. 14¾ 90 £	20	98⅛	98⅝	−0⅛	−1	14.51
Citicorp O/S 13½ 90 £	50	98½	99	−0⅛	−0½	13.70
EIB 11½ 91 £	25	90⅜	90⅞	−0⅛	−0⅛	13.15
Fin. for Ind. 12½ 89 £	30	95½	96	−0¼	−0⅛	13.33
Fin. for Ind. 14½ 88 £	20	100⅞	101⅜	−1½	−2⅛	14.19
Peugeot SA 14 90 £	23	88½	89	−0⅛	−0⅛	14.29
Swed. Ex. Cr. 15¼ 85 £	20	102⅝	103⅛	−0⅛	−0½	14.30
Banobras 8¼ 90 KD	7	†95⅛	95⅝	0	0	8.97
CCCE 8⅛ 91 KD	10	†93⅞	94½	0	0	9.00
Sonatrach 8½ 90 KD	12	†94⅝	95⅛	0	8	9.31
Akzo 9¾ 87 LuxFr	500	95⅛	96⅛	0	−0⅛	10.12
Euratom 8 87 LuxFr	500	89⅛	90⅛	−0⅛	−0⅛	10.22
Euratom 8¾ 88 LuxFr	500	98⅛	99⅛	0	0	8.95
EIB 9¾ 88 LuxFr	600	98¾	99¾	+0⅛	+0⅛	9.87
Volvo 9¾ 87 LuxFr	500	96¼	97¼	0	−0⅛	10.39

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5¾ 87	0¼	98⅞	98⅜	2/1	10.44	10.61
Bank of Ireland 5¼ 89	‡0¼	97¾	98¼	21/8	11.81	12.05
Bank of Tokyo 5¼ 89	‡0½	96⅝	97⅛	25/10	16.56	17.19
Barclays O/S Inv. 5 90	0⅛	97¼	97¾	13/12	9⅝	9.88
Bergen. Bk. A/S 6 89	‡0½	97	97½	29/8	10	10.28
Bilbao Int. NV 5¾ 90	0¼	96¾	97¼	29/11	10.06	10.35
Citicorp O/S F. 83	§‡0	99	99½	23/8	10.19	10.28
Citicorp O/S F. 84	‡0	98½	99	30/7	9.69	9.81
C. Itoh 5¼ 87	0¼	99	99½	18/9	19.44	19.58
Co-operative Bk. 6 86	0¼	98	98½	15/11	11.44	11.64
Creditanstalt 5½ 91	§‡0½	97	97½	14/9	9.64	9.70
CNT 5¼ 86	‡0¼	100⅛	100⅝	16/10	18⅛	18.06
GZB 5½ 89	‡0¼	97⅝	98⅛	1/11	9.81	10.03
Jugobanka 8 89	0⅞	90	92	23/11	11⅝	12.77
Ind. Bank Japan 5¼ 87	0¼	99½	100	16/10	18⅛	18.80
Lloyds Eurofin 8 90 £	0¼	96¾	97¼	3/1	15¾	16.24
LTCB Japan 5¼ 86	0¼	98⅛	98⅝	13/12	9⅝	9.78
LTCB Japan 5½ 88	0¼	98	98½	7/12	10⅛	10.31
Mfrs. Han. O/S 5¼ 94	‡0⅛	97⅛	97⅝	31/8	9⅞	10.14
Midland Intl. Fin. 5 89	0¼	97⅞	98⅜	20/12	9½	9.68
Midland Intl. Fin. 5¾ 92	0¼	98	98½	5/12	10⅞	11.07
Nacional Fin. 6⅛ 88	0¼	97½	98	25/1	9.69	9.91
Nat West 5¼ 94	§0⅛	89⅜	99⅞	11/10	18⅛	18.70
Nippon Credit 6½ 85	0¼	87⅛	97⅞	12/1	9.56	8.80
Nippon Credit 5¼ 87	‡0⅛	97⅞	98⅜	0/11	10⅛	11.08
Royal Bk Scot 5¼ 94	§‡0⅛	98⅛	98⅝	11/10	9.31	9.47
Soc. C. de Bquo. 6⅛ 87	0¼	99⅜	99⅞	3/18	20.06	20.14
Standard Chart. 5¼ 90	0¼	98⅞	99½	0/9	17⅛	17.40
Svenska Hndlsbk. 5 87	0⅛	98½	98¾	15/1	10	10.15
Swedeo 8¼ 91	‡0⅛	95⅞	96⅜	18/10	18⅛	19.38
Williams & Glyn 5¼ 91	0¼	98⅛	98⅝	14/9	18⅛	18.61
Bq. G. d'Alg. 4¾ 89 SF	0⅛	†89⅛	90½	18/12	8⅝	8.80

Average price changes... On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Akt'bolag 7¾ 89	10/79	145	†110	119	0	−8.24
Ajinomoto 7¾ 95	2/80	516.5	114¾	115¾	−0¼	−3.60
Alco Int. Fin. 9½ 94	1/80	40	94½	96	0	20.95
Apache I. Fin. 8¾ 95	12/80	21.12	114½	115½	+0¼	1.22
Asahi Optical 7 94	11/79	526.1	98½	99½	−1	−3.63
Blocker Energy 8¾ 95	1/81	21.87	95	96	+0¼	19.38
Canon 6¾ 94	8/79	570	112⅛	113⅛	+2	0.66
Credit Suisse 4¾ 93	10/79	1278	108	109½	+0¼	−2.33
Daiei Inc. 8½ 94	11/79	927.3	98¾	99¾	+0¼	28.80
DDKK 11 90	4/80	324	105⅞	106⅞	−0⅛	13.50
Dynalectron 9½ 95	8/80	12.22	105¾	107¼	−0½	5.12
Ensearch Fin. 9½ 94	7/80	30.25	120	121	+0¼	−8.46
Meidensha Elec. 7 94	12/79	210	102½	103½	−0¼	10.58
MEPC 8⅛ 96	2/81	2.47	102½	102⅞	+0¼	11.99
Mitsubishi Cp. 6½ 94	10/79	549.1	125	126	+0¼	1.46
Nippon Seiko 7⅛ 94	12/79	339	†108¼	109¼	−0¼	−0.62
SBC 6¾ 90	8/80	200	99	100	−0¼	−37.22
Toshiba Cpn. 7¼ 94	10/79	198	101⅛	102⅛	+0⅛	2.32
Union Bk. Switz. 5 88	2/80	121.4	98⅛	99⅛	−0⅛	3.72
Fujitsu 5 84 DM	7/79	475	104¼	105¼	−3⅛	−2.56
Kansai Elec. 4 84 DM	4/79	1210	88⅞	89⅞	+0½	42.22
Sharp Cpn. 6½ 88 DM	9/80	575	107	108	−0⅛	3.67
Uny Co. 6¾ 85 DM	11/79	1071	97½	98½	−0⅛	22.58

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Japanese trust banks in pension funds plea

By Richard C. Hanson in Tokyo

JAPANESE TRUST banks are lobbying for an exemption to official ceilings on their foreign currency positions which restrict their ability to invest pension funds in foreign securities.

The Ministry of Finance, however, is for the time being against granting the trust banks any special exemption, mainly because officials believe that the yen has yet to appreciate to levels "favourable" enough to warrant an increased flow of yen into other currencies. There would also be some outcry from non-trust banks which would not benefit.

The trust banks are allowed, under Japanese regulations, to manage pension funds (the source of most of their long-term lending to Japanese corporations during the high-growth years) along with the insurance industry. At present these funds in the hands of the banks total about Y4,500bn.

In May 1976 regulations were modified to allow these funds (up to 10 psr cent of the total) to be invested in foreign currency denominated securities abroad.

The trust banks complain that they are held back from utilising the pension funds for overseas investment by the Ministry's limits on overall net foreign currency positions. These are set for each bank (including foreign banks operating in Japan), whereas insurance companies are not covered by such limitations.

These ceilings, kept strictly secret by the authorities, are generally based on the actual amount of foreign currency business transacted by the individual banks. The trust banks apparently had very little room for expansion into foreign securities when the pension fund restrictions were lifted.

Sharp rise at Sumitomo Chemical

By Our Tokyo Correspondent

SUMITOMO CHEMICAL, a leading diversified chemical maker, recorded a strong surge in profit and sales in the half year to June as a result of brisk exports of farm chemicals and strong demand at home for petrochemicals. The company intends to increase its annual dividend this year by 20 per cent to Y5, despite an expected slowdown in the latter half.

Net profit rose by 148 per cent to Y6.7bn ($29.78m), a record for a half-year. Sales were up 47.5 per cent to Y371.8bn ($1.67bn) also a new high.

The company predicts that demand for petrochemical products will turn downward during the present half-year, but is still expecting sales for the full year to be up by 31 per cent over 1979 to about Y720bn. Net profit is forecast at roughly the same as last year at around Y11bn.

Second-quarter setback for Philips

BY CHARLES BATCHELOR IN AMSTERDAM

PHILIPS, the Dutch electrical group, expects volume sales to increase this year by more than its earlier forecast of five per cent after a surprisingly buoyant first half.

However, profits for the six months show a decline—the shortfall for the second quarter extends to a full 33 per cent—and the reorganisation which is under way to improve profitability will only slowly start to show.

Progress so far this year has been "satisfactory" in the light of the general economic situation and the increase in the international competition, the board said. Particularly pleasing is the fact that sales increased in almost all product sectors.

Turnover rose 12 per cent in cash terms in the six months ended June to Fl 16.81bn ($8.7bn) over the same period 1979. When the effect of new consolidations and de-consolidations is excluded, sales rose 10 per cent. In volume terms the increase was 7 per cent. Second quarter sales rose 11 per cent to Fl 8.63bn.

In the industrial supplies and professional products and systems sectors the percentage increase in sales was more than 12 per cent. Western Europe, Africa and Latin America showed the strongest growth.

Costs have increased too quickly, however, for any substantial improvement in results in the short term, Philips warns. Trading profit fell 17 per cent to Fl 855m ($441m) in the half year and was equivalent to only 5.1 per cent of sales compared with 6.7 per cent. Second quarter profit fell by 33 per cent to Fl 388m.

After tax profit also fell sharply to Fl 253m in the January to June period from Fl 337m last year, representing 1.5 per cent of sales against 2.2 per cent. Second quarter profit was Fl 91m compared with Fl 173m a year earlier.

At the net level, first-half profit fell 38 per cent to Fl 234m representing 3.9 per cent of shareholders' equity, against 5.8 per cent a year earlier. Second quarter net profit was more than halved to Fl 71m from Fl 161m, representing 2.4 per cent of equity against 5.7 per cent.

Net profit per share fell to Fl 1.22 in the first half from Fl 1.74, while second quarter profit fell to Fl 0.34 per share from Fl 0.87.

Commenting on the lower results, Philips said the decline came in the television and radio sector, in industrial supplies and miscellaneous activities.

It made losses in the manufacturing sector, while selling prices of important categories of products came under pressure. Its manufacturing activities in the Netherlands showed a loss and this was largely responsible for the decrease of its trading profit within the EEC.

Stocks rose to 34.1 per cent of sales at the end of June from 33.2 per cent a year earlier. The group shed 1,600 of its workforce worldwide during the first half of 1980 taking it to 380,200.

German retailer to prune losses

BY KEVIN DONE IN FRANKFURT

HERTIE, one of West Germany's largest retail store groups, is expecting a loss of DM 30m this year, and senior company management admits that it is unlikely that the group will return to profitability before the end of 1982.

The company last made an after-tax profit in 1976. In 1979 it succeeded in cutting its losses to DM 48.4m from DM 59.5m in 1978, but fierce competition and sluggish sales growth are impeding recovery in 1980.

Hertie still faces serious structural problems. It is aiming to streamline the group by reducing the number of separate operating companies and by improving its consumer image. In addition, it faces a major challenge in increasing its ratio of sales per employee, which is lower than at most of its rivals, such as Karstadt and Kaufhof.

Herr Hans-Ludwig Grüschow, Board member for personnel and organisation, said that Hertie intends to cut back its administrative and intermediate personnel in order to free extra resources for sales.

As part of this operation the company is planning to reduce the number of warehouses it runs nationally from around 100 at present to 37. The total workforce was trimmed by 6.4 per cent last year to 46,173, but the management still feels that the central administration is "top-heavy."

Hertie made barely any progress last year on the sales front, with group turnover rising only marginally. In the first seven months of 1980 sales have again gained little ground with turnover increasing by 3.4 per cent to DM 3.5bn. This represents hardly any change in volume, as prices have also risen by some 3 per cent.

With little chance of expanding its national network of stores—which include the names of Wertheim and Bilka as well as Hertie—the group is concentrating its investment effort on modernising existing outlets. At the same time it is increasingly admitting independent selling operations into its stores in specialist areas.

Retail store groups in West Germany have been hit by the competition from other forms of retailing, particularly mail order and hypermarkets. This year problems are being increased by the general stagnation of retail sales.

In the first six months German retail sales rose by 5 per cent, implying no rise at all in volume. In June retail turnover showed a fall of 9 per cent in volume.

First-half advance for Sandvik

By Westerly Christner in Stockholm

SANDVIK, THE Swedish cemented carbide and steel group, reports a pre-tax profit of SKr 395m ($95m) for the first half of 1980, ahead by SKr 74m over the same period in 1979. First quarter earnings amounted to SKr 240m.

Sales reached SKr 3.7bn over the half year, compared to SKr 3.18bn last year and SKr 1.8bn during this year's first quarter. Newly acquired companies accounted for SKr 82m of the half-year sales total.

The company expects full 1980 results to exceed 1979s pre-tax profit of SKr 603m by over 20 per cent in line with the forecast made at the end of March this year. However, second half earnings are expected to be lower than for the first due to the cyclical downturn in evidence in some markets of importance to the group, notably the U.S.

Sales are forecast to rise by 22 per cent for 1980, including SKr 500m from companies acquired during the year. The prediction of a 13 per cent return on working capital is unchanged. Profit per share is expected to reach SKr 38 compared to SKr 31 last year.

The largest sales increase by market region during the first half was recorded in Europe. Deliveries to EEC countries climbed by 26 per cent.

Sales of steel products accounted for SKr 1.1bn, a 25 per cent increase on the first half of 1979. Sales of cemented-carbide products increased by 17 per cent, to SKr 1.9bn.

Investments in facilities and shares are expected to total SKr 625m for the year as a whole, compared to SKr 533m in 1979, of which SKr 280m will be spent in Sweden.

A casting plant for steel in Sandviken Sweden is expected to be the largest capital expenditure, costing SKr 120m and reaching completion during the latter part of 1981.

Stake in Gammon House resold

BY PHILIP BOWRING IN HONG HONG

SPECULATION about the fate of Gammon House, a much traded Hong Kong office block, appeared to come to an end today when Mai Hon Enterprises, a public company, announced that it had reached agreement to sell a 75 per cent stake in the building for HK$ 1.18bn (US$239m).

Mai Hon acquired the building for a nominal sum only a few weeks ago from its unquoted parent, Carrian Holdings and announced shortly afterwards that it was negotiating its resale. Carrian in turn had bought Gammon House in January this year for HK$ 998m from the Hongkong Land Company, which only a year previously had bought it for a mere HK$ 700m from Jardine Matheson.

HK Land sold it because it was losing heavily on the difference between the rental yield of the building and the cost of the money it borrowed to buy it. The yield at a cost of HK$ 1.48bn is thought to be under 3 per cent.

The new buyer is a private company, Bylamson and Associates (Nominee). It remains to be seen whether the new owner is linked to the previous two. It is not clear why Carrian decided to forgo part of the profit by selling Gammon House to its 75 per cent subsidiary when the negotiations which led to the announcement were already in train.

* * *

THE SALE of a subsidiary for HK$140m (US$28.34m) has led Hutchison Whampoa, the Hong Kong trading and property conglomerate, to lift its forecast for total net extraordinary profits for the current year.

Another Hutchison subsidiary, Hongkong and Whampoa Dock, formally agreed on Wednesday to sell Couper Investments to a joint venture company owned by Zung Fu, the Mercedes-Benz agency in Hong Kong, and Hongkong Land. Hutchison said that the sale was not expected at the time of the company's HK$600m rights issue announcement last month, when the directors forecast that net extraordinary profits would be below the previous year's HK$240m.

Hutchison said that net extraordinary profits now total HK$282m including HK$70m from the Couper sale.

Couper's only asset as a 13-storey car park and garage building, providing a gross floor area of 138,000 square feet.

COMPANY LAW IN LIECHTENSTEIN

Plugging the gaps in the statute book

BY ANDREW FISHER, RECENTLY IN LIECHTENSTEIN

STUNG BY several well-publicised bank scandals in the late 1970s, the small principality of Liechtenstein has acted to make life harder for foreigners taking advantage of its low taxes and guaranteed anonymity.

With more than a little pressure from abroad, notably from neighbouring Switzerland, it has toughened up considerably on auditing requirements and local board members' qualifications for the mass of holding and financial companies established there since the 1620s.

For Liechtenstein is estimated to have up to 30,000 such companies within its narrow borders, several thousand more than its actual population. With yearly taxes of a mere 0.01 per cent of assets—plus a 4 per cent coupon tax for those paying dividends—the country is an obvious magnet for foreign tax avoiders.

The necessary legal changes, in the form of an amendment to the Personal and Company Law, entered the statute book this summer. In the main, they are directed at foreign-owned holding companies with a commercial or trading purpose.

It is these which have proved the most embarrassing in the past, notably in the case of Texon Finanzanstalt, which was based in Liechtenstein and handled some SwFr 2.2bn (£580m) of funds deposited at a branch of Crédit Suisse, one of the three major Swiss banks.

The branch was in Chiasso, in southern Switzerland, near the border with Italy, whose tax-shy citizens used the town's banking facilities to deposit suitcases full of lire which had been brought up by train or in the back of a car. Eventually, Crédit Suisse, which had been unaware of the branch's activities, had to write off more than SwFr 1.3bn (£340m) as a result of the ill-considered investments made through Texon.

It was the Chiasso scandal, erupting in 1977, which really concentrated the minds of Liechtenstein's bankers and lawyers and made them decide to put their house in order before it was too late. But there had been tentative moves before this to stiffen the law.

"We have done what could be expected," said Wilfried Kaufmann, deptuy director of Verwaltungs- und Privatbank, the smallest of Liechtenstein's three banks and active in the financial and holding company business.

Starting with their 1983 financial year, all commercially-oriented companies will have to present fully audited accounts to the authorities within six months of the year-end. Since there is nothing like enough local auditing capacity, accountancy is likely to be a boom profession in the principality in the 1980s.

Until now, only a certain type of company—the AG (Aktiengesellschaft or share company)—had to submit audited figures, and then only if there were more than 20 shareholders. But from the time when the 1983 accounts are prepared, the Government will, it is hoped, have a far greater insight into the activities of foreign organisations.

Of less concern are the trusts and other companies formed by persons wanting a comfortable haven for their assets and not wishing to trade or do business. For this category, which probably outnumbers commercial companies, the new legislation is less strict.

Instead of presenting audited accounts, they will have to produce a declaration that a proper list of assets has been drawn up and that no commercial dealings have been carried on. Often, such companies are handled by one local representative.

For Liechtenstein, financial and holding companies are a major source of revenue, though local manufacturing activity has developed rapidly in the past few decades. Out of last year's tax and customs duty revenues of SwFr 146m, they provided nearly a third, before including the various stamp duties, coupon taxes, and other fees that were also paid.

With the country's flourishing stamp business, where most of the 100,000 or so regular subscribers are foreigners, the various trust and holding company services available in Liechtenstein must account for over half its budget of around SwFr 200m, reckoned Dr. Herbert Batliner, a leading lawyer.

In this estimate, he also had in mind the taxes paid by lawyers, trustees and other advisers. Liechtenstein has around 25 fully qualified lawyers, with three or four times as many trustees and fiduciary agents.

Under the revised law, they will in most cases still be the only people who know the true identity of those behind the trusts, foundations, AGs, or Anstalts for whom they are acting. Thus their lucrative practices will clearly be at stake if anything illegal is uncovered by the audits.

Whether the new law goes far enough is open to question. "We have all been very concerned to polish up our country's image again," asserted Dr Batliner in his expensively furnished office. For it was not only Chiasso that focused uncomfortable attention on Liechtenstein. So-called letter-box companies have also been involved in the affairs of Michele Sindona, the failed Italian financier, the late Shah of Iran, and the Lockheed bribes scandal.

Over the next few years, local administrators of trusts and holding companies will clearly have a lot of weeding out to do, separating the good companies from the bad.

In recent years, foreign tax authorities, especially in West Germany and Italy, have tended to look askance at Liechtenstein companies, especially those in the form of an Anstalt. A conveniently flexible form of company, bearing little relation to the usual meaning of the word "institution," it falls somewhere between a company and a trust.

It remains to be seen how other governments will view Liechtenstein's attempts to clean up the ranker areas of the tax-avoidance business. One thing has not changed, however. Liechtenstein feels no responsibility towards countries which pitch taxes high enough to prompt flights of capital. Its own taxes remain enticingly low.

BASE LENDING RATES

Bank	Rate	Bank	Rate
A.B.N. Bank	16 %	■ Hambros Bank	16 %
Allied Irish Bank	16 %	■ Hill Samuel	§16 %
American Express Bk.	16 %	C. Hoare & Co.	†16 %
Amro Bank	16 %	Hongkong & Shanghai	16 %
Henry Ansbacher	16 %	Industrial Bk. of Scot.	16½%
A P Bank Ltd.	16 %	Keyser Ullmann	16 %
■ Arbuthnot Latham	16 %	Knowsley & Co. Ltd.	18 %
Associates Cap. Corp.	16 %	Langris Trust Ltd.	16 %
Banco de Bilbao	16 %	Lloyds Bank	16 %
Bank of Credit & Cmce.	16 %	Edward Manson & Co.	17 %
Bank of Cyprus	16 %	Midland Bank	16 %
Bank of N.S.W.	16 %	■ Samuel Montagu	16 %
Banque Belge Ltd.	16 %	■ Morgan Grenfell	16 %
Banque du Rhone et de la Tamise S.A.	16½%	National Westminster	16 %
Barclays Bank	16 %	Norwich General Trust	16 %
Bremar Holdings Ltd.	17 %	P. S. Refson & Co.	16 %
Brit. Bank of Mid. East	16 %	Rossminster	16 %
■ Brown Shipley	16 %	Ryl. Bk. Canada (Ldn.)	16 %
Canada Perm't Trust	17 %	Schlesinger Limited	16 %
Cayzer Ltd.	16 %	E. S. Schwab	16 %
Cedar Holdings	17 %	Security Trust Co. Ltd.	17 %
■ Charterhouse Japhet	16 %	Standard Chartered	16 %
Choulartons	16 %	Trade Dev. Bank	16 %
C. E. Coates	16 %	Trustee Savings Bank	16 %
Consolidated Credits	16 %	Twentieth Century Bk.	16 %
Co-operative Bank	*16 %	United Bank of Kuwait	16 %
Corinthian Secs.	16 %	Whiteway Laidlaw	16½%
The Cyprus Popular Bk.	16 %	Williams & Glyn's	16 %
Duncan Lawrie	16 %	Wintrust Secs. Ltd.	16 %
Eagil Trust	16 %	Yorkshire Bank	16 %
E. T. Trust Limited	15½%		
First Nat. Fin. Corp.	19 %		
First Nat. Secs. Ltd.	19 %		
Robert Fraser	16 %		
Antony Gibbs	16 %		
Greyhound Guaranty	16 %		
Grindlays Bank	‡16 %		
■ Guinness Mahon	16 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 14%. 1-month deposits 14¼%.
† 7-day deposits on sums of £10,000 and under 14%, up to £25,000 14¼% and over £25,000 14½%.
‡ Call deposits over £1,000 14%.
§ Demand deposits 14½%.

WORLD STOCK MARKETS

NEW YORK

Firmer early Wall St. trend

SPECULATIVE ISSUES and popular leaders in the technology area led a firmer tendency on Wall Street yesterday morning in another active trade, following the market's lower trend of the past two days on profit-taking.

The Dow Jones Industrial Average improved 3.84 to 953.07 at 1 pm, while the NYSE All Common Index gained 42 cents to $71.10 and rises outpaced declines by a seven-to-four ratio. Trading volume amounted to 31.14m shares, compared with the 31.59m recorded at 1 pm on Wednesday.

"The move into more speculative issues *may be a sign of* more public participation in the market," one analyst said. He predicted any upside move would be temporary, however, *noting* that the broadly-based stock Averages are in a consolidation phase.

Mesa Petroleum rose 1¾ *further* to $49¼. The company has announced a $600m partnership with Texaco, which was up ½ at $37⅞.

Pennzoil advanced $2 to $44⅞ as primarily domestic oil producers showed gains. Houston Oil, which were up 1¼ to $31¼ on the Amex, also reported a Tunisian discovery.

Butte Oil and Gas, which has rejected a proposed takeover by a Canadian concern, moved ahead 2¼ to $28⅞.

Celanese shed ½ to $57⅞. The company said it will withdraw from the nylon and polyester carpet business but sees no significant impact on income in 1980.

THE AMERICAN SE Market Value Index moved up 3.71 to 323.16 at 1 pm. Volume 4.36m shares (3.19m).

Worldwide Energy rose $2 to $19⅞.

Canada

Golds stood out strongly on *firmer-inclined Canadian markets* early yesterday. The Toronto Composite Index rose 15.6 to 2,257.1 at noon, while Golds advanced *116.3* to 4,559.5 and Oil and Gas 23.7 to 4,580.75. In Montreal, Banks put on 2.65 to 388.39.

Among Golds, **Campbell Red Lake** gained C$1 to C$64¼ and **Dome Mines** C$1¼ to C$124.

Tokyo

Stocks closed with an easier bias after fairly active dealings, with some of the recently strong Blue Chips and Populars, which have met good foreign demand, *receding on profit-taking.*

The Nikkei-Dow Jones Average shed 10.32 to 6,824.00, while declines on the First Market section outnumbered advances by 368 to 276. Volume came to 380m shares (430m).

Light Electricals, particularly strong of late, generally retreated, with Sony, Y2,510, and **Pioneer Electronic**, Y2,210, losing Y80 apiece. TDK Electronic lost Y30 at Y2,770 and Victor Y20 at Y1,890.

Among Pharmaceuticals, Green Cross relinquished Y50 to Y2,040 and Kaken Chemical Y80 to Y1,270, but Takeda Chemical, up Y27 the previous day, ended Y11 higher at Y598.

Elsewhere, Fuji Photo Film receded Y9 to Y654 and NYK Y12 to Y278, but Olympus surged ahead Y34 to Y962, while Toyota Motor put on Y11 to Y70 and Tokio Marine Y11 to Y649.

Real Estate issues moved ahead, Mitsubishi Real Estate climbing Y14 to Y418.

Hong Kong

The market again saw heavy trading and staged a fresh widespread advance before afternoon profit-taking eroded some gains. However, the Hang Seng index was still 10.04 higher on the day at 1,172.84, its highest closing point since finishing at 1,234.05 on April 2, 1973. Turnover reached HK$448.97m on the four exchanges, against Wednesday's HK$437.08m.

Property issues continued to attract a good deal of the buying attention. **Hong Kong Land** adding 40 cents at HK$15.40, Cheung Kong 20 cents at HK$22.10, Swire Properties 25 cents at HK$9.10 and **HK Wharf** HK$1.00 at HK$74.50.

Mai Hon, which announced that it has sold part of its Gammon House property, advanced 80 cents to HK$11.80.

HK Bank gained 10 cents at HK$18.00, **Wheelock Marden 'A'** 15 cents at HK$5.70 and China Light 60 cents at HK$22.50. In contrast, **Jardine Matheson** were *finally 30* cents down at HK$20.50 and **Hutchison Whampoa** lost 10 cents at HK$11.80.

Paris

Stocks were firmer-inclined in moderate activity, with the *Indicateur de Tendance* index rising 0.7 to a new high for the year of 114.3.

Rumours of a possible French *Prime Rate cut, later confirmed,* was the only positive factor, operators said. Two banks announced cuts in their Prime *lending* rate to 12.25 per cent from 12.75, effective from August 18.

Best performers included ***Olida, BCT, Primagaz, Sogerap, Locafrance, Bouygues, Poclain, Presses-Cite, Leroy Sommer, Club Mediterranee, Credit Foncier, Immobilier, Kali*** and **Prenatal.**

Germany

Bourse prices slipped further in another thin business, leaving the Commerzbank index 3.4 lower at 740.3.

Deutsche Bank lost DM 2, while among Engineerings, **KHD** receded DM 2.50 and Linde DM 1.80. In Motors, however, Volkswagen put on *DM 1* and **BMW** 90 pfennigs against the general trend.

The Domestic Bond market closed narrowly *mixed after light* dealings.

Australia

Initially, markets seemed to be hit by a pre-Budget lethargy with only the special situations attracting any interest. However, activity picked up during the afternoon session when some fresh buying from Far East sources took place. **Industrials** and **Minings** closed with a firmer tendency, the latter sector helped by stronger copper prices and a uranium supply contract with Finland.

News of **Queensland Mines'** 900-ton yellowcake uranium deal with a Finnish utility lifted the stock 30 cents to A$8.80. In sympathy, Uranium issues ***Peko-Wallsend***, A$8.86, and ***Pancontinental***, A$7.46, put on 6 cents apiece.

The partners in the Ashton joint diamond venture also met buying near the close and **Ashton Mining** rose 15 cents to A$2.95 and **CRA** 10 cents to A$5.76.

Among Metal Minings, **MIM** gained 8 cents to A$5.18 and **North Broken Hill** 2 cents to A$3.80. *Coal issue* ***Utah***, however, relinquished 6 cents to A$5.30.

Oils were little changed, *although* ***Strata*** rose 5 cents more to A$2.70 in continuing response to tests at its Woodada No. 2 well.

On the Industrials boards, **BHP** picked up 5 cents to A$15.20 and **Hooker** were another 4 cents higher at A$1.06, but **CSR** shed 8 cents to A$7.60.

Johannesburg

Gold shares further improved in a fair trade with the Bullion price, while Mining Financials moved up in sympathy.

Amgold rose R4.50 to R122.00, while **President** *Brand* added R2.50 at R66.00, **Harmony** R2.25 at R29.75 and **East Drie** R1.50 at R32.75.

Platinums were also firm, but closed below the day's best. Rustenburg gained 15 cents at R6.85. Rises on the Industrials boards exceeded falls by a two-to-one margin.

Closing prices for North America were not available for this edition.

CANADA

BELGIUM (continued)

HOLLAND

AUSTRALIA

JAPAN (continued)

DENMARK

FRANCE

ITALY

NORWAY

HONG KONG

SINGAPORE

SOUTH AFRICA

SWEDEN

GERMANY

JAPAN

BRAZIL

AUSTRIA

SWITZERLAND

BELGIUM/LUXEMBOURG

Indices

NEW YORK —DOW JONES

STANDARD AND POORS

N.Y.S.E. ALL COMMON

MONTREAL

TORONTO

NEW YORK ACTIVE STOCKS

New Meat Commission chairman appointed

By Our Commodities Staff

MR. DAVID SAMWORTH, chairman of Pork Farms, will succeed Mr. William ("Wally") Johnstone as chairman of the Meat and Livestock Commission on October 1, the Ministry of Agriculture announced yesterday. Mr. Johnstone completes his three-year term of office at the end of September.

Mr. Samworth, 45, is also a director of Northern Foods but he will be handing over his executive responsibilities within this company and within Pork Farms during the next few months, the Ministry said. He will retire from his directorships of these companies by March 31, 1981.

The Commission is an industry-funded quango providing statistical, research, carcase testing, and information services to meat producers and the trade.

Its operations were recently slimmed down considerably after a protracted struggle with the industry over proposed increases in slaughter levies, and Mr. Johnstone came under considerable criticism at this time.

But yesterday's Ministry statement praised him for developing "a new relationship between the Commission and the many different sectors of the meat and livestock industry."

It said this had provided a sound basis for the future of the commission.

Fall in wool shipments

By Our Commodities Staff

ARGENTINA'S WOOL export shipments since the season began in October reached 94,195 tonnes at the end of June. This was 5.1 per cent down on shipments in the same period last year. Exportable stocks stood at 76,803 tonnes, a third higher than a year earlier.

In June 5,476 tonnes were exported, 36.1 per cent below the May figure but the country's Wool Federation said this was mainly due to seasonal factors as the season was drawing to an end.

Argentina's shelled peanut output has slumped as growers switched to more remunerative maize and wheat crops, the National Agriculture Secretariat said.

Jamaica banana industry devastated by hurricane

BY CANUTE JAMES IN KINGSTON

THE JAMAICAN banana industry, which supplies about 25 per cent of the British market, has been devastated by Hurricane Allen which passed through the Caribbean last week. There will be no exports for the next six months.

Mr. Desmond Leaky, Junior Minister for Agriculture, estimated damage to about 40,000 acres of bananas had cost the industry $45m.

Immediate losses in foreign earnings have been estimated at $15m. First attempts at replanting devastated fields will cost $16m, the Minister said. Total damage to Jamaican agriculture is $62m.

The island's banana farmers have been told to save what fruit they can from devastated fields, and shipments to England this week will be the last until next year.

Mr. Leaky said that since bananas were an important part of the Jamaican diet, what was left intact by the hurricane would be used domestically.

The hurricane, said to be the most powerful to have entered the Caribbean this century, passed to the north of Jamaica. The island's major banana plantations, in the north coast parishes of St. Mary and Portland, were levelled. Banana plantations in the eastern Caribbean, which also supply the British market, were also destroyed.

The hurricane-force winds also caused several of the island's sugar factories to close early because of damaged equipment. This, says the agriculture ministry, will reduce this year's sugar crop by 3,000 tonnes. The crop is expected to produce 245,000 tonnes, the lowest for many years.

Torrential rains which accompanied the hurricane saturated the cane fields, and lowered the sucrose content in the crop, which has not yet been reaped.

This is likely to affect the island's exports, 90,000 tonnes of which are earmarked for UK refineries under the Lomé Convention with the EEC.

Several tonnes of early grapefruit, which should have been shipped to Britain shortly, have also been lost to the hurricane, as were many hundreds of pounds of the island's valued Blue Mountain coffee, shipped primarily to Japan.

Fears for Manx herring fishery

BY A CORRESPONDENT

FEARS FOR the future of the Irish Sea herring fishery, which is important to the Isle of Man's economy, were voiced when Britain's Ministry of Agriculture and Fisheries ruled that the Manx Government cannot enforce a licensing system restricting the number of boats operating there.

Dr. Edgar Mann chairman of the Isle of Man Board of Agriculture and Fisheries, said the UK Government had used its powers under its own fisheries Acts and made an order which would make waters outside the island's three-mile limit open to all boats which wanted to fish for herring during the high season, when the shoal, which swims through the Irish Sea during the summer, is off the Isle of Man.

"This is a matter of grave concern. With the licensing system there was control on catches," the fishery was normally closed in late September, said Dr. Mann.

Now the fishery may have to be closed earlier, as soon as the permitted tonnage has been caught.

"But, without the control of licences, the total catch could very easily go over permitted limits before we can take steps to close the fisheries.

"That could mean serious long-term damage to the herring fishery in the area," he said.

The UK Government had made this order, he added, because of a recent judgment by the European Court, which declared that restrictions on fisheries were against EEC law.

The licensing system, which had been operated for some years by the Manx Government to protect the herring fishery off its coast, was not a subject of complaint, but the UK Government decided that it should be ended along with other restrictions.

In talks with Britain's Agriculture Ministry, Dr. Mann said he was told the Isle of Man could only impose restrictions within its own three-mile limit.

"In no way shall we agree to a situation which will expose the Irish Sea herring shoal to overfishing. This year, the change of system has come too close to the opening date of the high season, August 18, for boats from countries other than those who have traditionally taken part in the fishery to come into the grounds in large numbers," he said.

As to the future, Dr. Mann said that the Manx Government would continue to press for a 12-mile fishing limit.

This could come either through a United Nations law of the sea convention, or under the EEC common fisheries policy.

N. Sea ban on mackerel

BY OUR COMMODITIES STAFF

BRITISH FISHERMEN will have to stop fishing for mackerel in the North Sea from Saturday.

The Ministry of Agriculture announced yesterday that it was suspending fishing under its licensing system to avoid the stock being overfished.

The total allowable catch in the area is 55,500 tonnes for this year of which the EEC's share is 6,400 tonnes. British fishermen have already caught over 5,000 tonnes.

Mackerel has recently become Britain's most important fish catch, both in terms of tonnage and value. But the great bulk of the catch, which last year reached 353,000 tonnes, is caught in the West Coast fishery.

Producers may pay $50m into coffee fund

RIO DE JANEIRO — Mexico and Venezuela are thought to be willing to put an extra $50m each into the Latin American coffee producers' $450m price support fund, Sr. Octavio Rainho, president of the Brazilian Coffee Institute, said here.

But he declined to comment on whether Brazil was considering putting more money at the disposal of Pancafe, the company formed recently to operate the fund. Reuter

Our Commodities staff writes: Talks on strengthening the fund have been going on for some time as producers have become increasingly worried at its failure to prevent a substantial fall in world prices.

A producer policy of withholding their coffee from the market until prices recover has also done little to stem the decline, which last month took prices to their lowest levels for four years.

U.S. price rise boosts copper

By Our Commodities Staff

CASH COPPER wirebars gained another £6.5 to £921 a tonne yesterday taking the rise in the past three days to £18.25.

Dealers said trading on the London Metal Exchange was very quiet but prices were boosted by the stronger tone in New York which was encouraged by the announcement of price rises of up to two cents a pound by several leading producers.

In London, the International Tin Agreement buffer stock finance committee met to consider a U.S. proposal to contribute up to 5,000 long tons of tin to the agreement's buffer stock.

But a disagreement over the price to be paid prevented a decision. The U.S. wants to be paid the market price for the metal but some committee members want to pay only the buffer stock floor.

U.S. reluctance to accept this is understandable as the metal would immediately be resold by the buffer stock

FARMING

When haymaking goes haywire

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

I CAN remember when haymaking was haymaking, but only just. The grass was usually cut rather late, after the longest day, and was handled almost entirely by manpower.

Tossed around with pitchforks to aerate it, then gathered into little heaps or pitches to be lifted again on to a wagon.

Then it was pitched off the wagon on to the rick, either into a barn or in the field, and, as far as I remember, the sun always shone and the hay never spoiled.

But by the time I started farming on my own the whole job had become mechanised. The hay was cut by machine, and then swept up to the foot of an elevator, usually driven by a horse walking round in circles, which raised it on to the rick.

The sweep produced a very tangled mat of material which had to be teased out to fill the elevator. This was very hard work because by this time the hay was always damp and the sun never shone at all.

Once in the rick it would often heat up. I never actually had one of my own ricks burn, but once or twice it was a near thing. Often, though, it came out all right in the winter, and, on the whole, the job went quite well.

Then just before the war we were presented with pick-up balers.

These, as their name implies, pick up the hay at one end and deposit it in small, tidy bales at the other.

But their introduction meant hay was much more difficult to make. It was possible in the old days to put hay in a big rick in quite chancy condition and the natural heating that followed in many cases improved the hay, or at least I thought it did.

But hay in a small bale has to be just right or it will go wrong. It will not burn, or at least I am assured that this cannot happen, but it can go fusty or mouldy with the greatest ease.

I can honestly say that since the advent of the pick-up baler, I have found haymaking too difficult.

It is of course not always necessary to make hay. Silage making, the storing of grass or other material in its natural or partly wilted state has been brought to a fine art.

But since I only have sheep to feed in the winter I do not need the great quantities of silage that are required to make a decent clamp, nor have I the machinery either to build the clamp or to haul it out again.

So in general I either buy hay or make the odd field of surplus grass into it, preferably the former.

The great thing about buying hay is that I am not the prisoner of my own inadequacy as a hay maker.

I can pick and choose from the range offered me, and most years I am convinced I can buy it more cheaply than I can make it.

This year is rather more difficult. Because of the weather, which made haymaking all but impossible, very little good hay has been made at all anywhere. This goes for much of Western Europe as well.

Some hay has been made but its quality is simply awful. In the last week or two, better hay has been produced but generally from over-mature material, which I am assured by the scientists has little if any feed value.

So I have been driven into making some more of my own by the threat of having to pay an exhorbitant price for hay—good or bad—next winter.

The material is second growth from a sheep field, and thanks to the rain over the last six weeks the grass, once cut, looked very, very reasonable.

It is still very young and this had led to some difficulty because it simply will not dry properly or, should I say, it will not surrender its sap as easily as will more mature grass.

We have been trying to bale it since the weekend, but every time we think it is dry enough, a cloud comes over the sun and it immediately loses its crisp feel and reverts to a rough mass of fibres from which it would be easy to spin a hangman's rope—ideal to relieve the mind of a desperate haymaker.

Once it gets into this state, the baler does not like it and begins to miss out bales. Each bale which looked to be reasonable before, now seems to be twice as heavy and bound to beat a bit and go fusty.

It is still not quite fit and could do with another day or two in the field where I think it would not come to much harm—if I were sure the weather would improve.

In point of fact, the very quality which is making it difficult to make, the young sap in the stems, is stopping the rain from spoiling it.

It is possible to get a machine which will fracture the stems and allow them to dry much more quickly, but by the same token the treatment that makes them dry also makes them much more vulnerable to rainfall. It is a "Catch 22" question really.

The irony of it is that this material put into a rick would transform itself into some quite reasonable material.

But there is no more rick-making machinery to be had and no one on the farm strong enough to build the ricks in the old-fashioned way, because they have never had to do so.

India's grain crop hopes

NEW DELHI — The Agriculture Ministry is hopeful that India will produce a record 135m tonnes of foodgrains in the current agricultural year (July-June) despite torrential south-west monsoon rains in some parts of the country.

Mr. R. V. Swaminathan, Minister of State for Agriculture, said yesterday that the rains and floods in some northern states this year were expected to have only a marginal impact on standing crops.

In Johannesburg, Mr. Denis van Aarde, manager of the South African Wheat Board, said his country may need to import wheat for the first time in 10 years if preliminary estimates of the drought hit 1980-1981 crop prove correct. These put the crop at about 1.4m tonnes, down sharply from actual output of 2.14m tonnes in 1979-80.

Reuter

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Gained ground for the third successive day on the London Metal Exchange following another good performance in U.S. markets. Forward metal opened the day at £933 and traded around £934 throughout the morning in quiet conditions. In the afternoon three months material moved up strongly on the Kerb, in the wake of several producer price rises in the U.S., with forward metal finally quoted at £945. Turnover: 15,050.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	915-6	+18.2	920.5-1.5	+6.5
3 months	934-.5	+19.9	938.5-9	+6.9
Settlem't	916	+19.5	—	
Cathodes				
Cash	885-7	+11	889-90	+4.5
3 months	909-10	+11	913-4	+6.5
Settlem't	887	+11	—	.....
U.S. Prod.	—	.....	*100-108	.....

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £915, 16, three months £933, 34, 34.5, 34, 33.5, 34, 34.5, 34. Cathodes, three months £910, 09. Kerb: Wirebars, three months £934, 33, 34. Afternoon: Wirebars, three months £938, 38.5, 38, 37, 37.5, 38, 38.5, 39, 38.5, 39. Cathodes, cash £890. Kerb: Wirebars, three months £940, 42, 43, 43.5, 44, 45, 45.5, 45, 46, 45.

TIN—Quietly steady although renewed offerings on cash material—reflecting forecasts of fresh arrivals into LME warehouses—eliminated the backwardation and established a £10 contango at the close. Forward metal traded around £7,180 for most of the day but came under late selling pressure to close the Kerb at £7,172. Turnover: 1,905 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7190-200	-42.5	7170-80	-45
3 months	7185-200	+12.5	7155-220	+25
Settlem't	7200	-40	—	-45
Standard				
Cash	7190-200	-42.5	7170-80	.....
3 months	7175-80	-7.5	7175-80	.....
Settlem't	7200	-40	—	.....
Straits E.	†$2158	+8	—	-5
New York	—	.....		

Morning: Standard, cash £7,190, three months £7,190, 80. Afternoon: Standard, three months £7,170, 75, 80. Kerb: Standard, three months £7,172.

LEAD—Marginally easier on balance as fresh buying and short covering was offset by persistent hedge selling and profit taking during the afternoon. Forward metal started the day at £387 and edged up to £388 before profit-taking pared the price to £383 on the morning Kerb. However, during the afternoon the market picked up in line with the strength of copper and forward metal again touched £388 prior to closing the late Kerb at £387.5. Turnover: 16,100 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	370-.5	+1.75	372-4	-1
3 months	383-.5	+.5	385-6	-1.5
S'ment	370.5	+1.5	—	.....
U.S. Spot	—	.....	*34-6	.....

Morning: Cash £372, 71, 70.5, 70, 70.5, three months £386, 87, 88, 87, 85, 83.5. Kerb: Three months £384, 83, 83.5. Afternoon: Three months £385, 87, 86. Kerb: Three months £388, 87.

ZINC—Moved ahead as rumours of a possible shortage of concentrates encouraged good East European and American buying which lifted forward metal to a high of £344 before the close on the late Kerb at £340.5. Turnover: 18,100 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	322.25-.5	-.125	329.5-31.5	+8
3 months	335-6	+.375	342-3	+7.25
S'ment	322.25	-.5	—	.....
Primw'ts	—	.....	*35.5	.....

Morning: Cash £322, 22.25, three months £335.5, 36, 35.5. Kerb: Three months £335.5. Afternoon: Three months £337, 38, 39, 40, 41, 42, 40, 41, 40, 40.5, 41, 41.5, 42, 42.5, 43, 42. Kerb: Three months £344, 43, 42, 41.5, 41.

ALUMINIUM—Firmer, reflecting the trend in other metals. Forward metal began the day at £744 and touched £749 prior to ending the late Kerb at £748.5. Turnover: 7,025 tonnes.

Alumin'm	a.m. Official	† + or —	p.m. Unoffic'l	† + or —
	£	£	£	£
Spot	766-8	+9	767-9	+6.5
3 months	744.5-5	+3.25	746-7	+5

Morning: Three months £744, 45. Kerb: Cash £767, three months £744, 44.5, 44. Afternoon: Three months £746, 47, 47.5, 47, 49.5. Kerb: Three months £747, 48, 49.

NICKEL—Marginally firmer in quiet trading which lifted forward metal to £2,840 before profit-taking pared the price to £2,835 on the late Kerb. Turnover: 270 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
Spot	2807-8	+6.5	2815-20	+15
3 months	2827-30	+6	2835-40	+15

Morning: Cash £2,805, 07. Afternoon: Three months £2,830, 40, 35.

*Cents per pound. ‡$M per picul. †On previous unofficial close.

SILVER

Silver was fixed 1.65p an ounce higher for spot delivery in the London bullion market yesterday at 666p. U.S. equivalents of the fixing levels were: Spot $15.831, up 3.1c; three-month $16.236, up 4.7c; six-month $16.573, up 3.3c; and 12-month $17.458, up 3.2c. The metal opened at 665p-673p ($15.9-$16) and closed at 667p-675p ($15.85-$16.05).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	666.0p	+1.65	675.0p	+8.99
3 months	692.50p	+1.20	699.75p	+9.85
6 months	712.80p	+0.50	—	......
12 months	758.0p	-0.20	—	......

LME—Turnover 88 (94) lots of 10,000 ozs. Morning: Three months 695, 94, 93. Kerbs: Three months 693.5. Afternoon: Three months 698, 98, 99. Kerbs: Three months 700.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 10 tonnes, bringing the total for the week so far to 248 tonnes. Lack of enterprise continued to characterise the market. Average prices were very high and buyers tended to avoid commitments wherever possible. Restrained demand centred on North and South American growth.

COCOA

Cocoa futures opened £20 lower and traded quietly within a narrow range. News of imminent shipments from Ghana aided the bearish sentiment although physical business remains modest due to a lack of interest being shown by both producers and consumers, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
Sep	976-978	-5.5	984-72
Dec	1016-17	-22.0	1025-1010
March	1059-60	-18.0	1063-56
May	1079-81	-19.8	1084-76
July	1095-1100	-23.5	1103-1100
Sept	1110-22	-21.5	1122-20
Dec	1152-47	-20.5	1147-45

Sales: 2,114 (1,179) lots of 10 tonnes.

COFFEE

Coffee futures moved further ahead in light volume and quiet trading conditions, reports Drexel Burnham Lambert. However, buyers appeared reluctant to support the market as higher levels attracted dealer profit-taking and trade resistance. Late afternoon weakness further reflected the morning's trend and values closed near the day's lows.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
Sept	1223-26	+1.5	1240-20
Nov	1275-76	+5.0	1282-62
January	1305-06	-5.5	1329-02
March	1282-85	-4.0	1310-90
May	1288-00	-6.0	1316-00
July	1299-00	-10.5	1316-05
Sept	1309-15	-8.5	1310

Sales: 3,509 (2,976) lots of 5 tonnes.

ICO Indicator prices for August 13 (U.S. cents per pound). Other Mild Arabicas 138.50 (140.33). Robustas ICA 1976 134.00 (134.50). ICA 1968 134.25 (134.75). Unwashed Arabicas 207.50 (same). Comp. daily ICA 1968 168.50 (168.97).

GRAINS

LONDON GRAIN FUTURES—Wheat opened 5p higher. A steady demand was seen for September which closed steady, 5p higher. Other values eased on hedge pressure to close 20p lower on the day. Barley saw continued hedge selling. Volume was low and the market closed 20p-25p down with September holding firmer at 5p lower, reports Acli.

	WHEAT		BARLEY	
M'nth	Yesterday close	+ or —	Yesterday close	+ or —
Sept.	95.00	+0.05	90.10	-0.05
Nov.	98.40	-0.20	94.30	-0.25
Jan.	102.40	-0.20	98.40	-0.20
Mar.	105.95	-0.20	101.80	-0.20
May	109.45	-0.20	105.20	-0.25
July	112.85	-0.20	—	....

Business done—Wheat: Sept. 95.10-95.00, Nov. 98.50-98.40, Jan. 102.65-102.50, March 106.05-106.00, May 109.65-109.65, July 113.15-113.05. Sales: 76 lots of 100 tonnes. Barley: Sept. 90.20-90.00, Nov. 94.50-94.30, Jan. 98.60-98.40, March 101.95-101.90, May 105.30-105.20. Sales: 103 lots of 100 tonnes.

IMPORTED — Wheat: U.S. Dark Northern Spring No. 2, 14 per cent, Sept. 98.25, Oct. 101.50, transhipment East Coast. U.S. Hard Winter, 13½ per cent, Aug.-Sept. 96, Oct. 98, transhipment East Coast. English Food fob Sept. 98.50-99.00 seller, Oct. 100-100.50 seller, Nov. 102.75, East Coast. Maize: U.S./French Sept. 123.50, transhipment East Coast. S. African Yellow Sept. 88.55. Barley: English Feed fob Oct. 95.50 paid Nov., 97.50 paid East Coast. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed barley—S. East 84.50, S. West 86.00, W. Midlands 86.00, N. West 85.90. Other Milling Wheat—S. East 100.0.

The UK Monetary Co-efficient for the week beginning Monday, August 18, is expected to change to 0.970.

RUBBER

The London physical market opened steady with good interest throughout the day closing firm, Lewis and Peat reported. The Malaysian market is closed.

No. 1 R.S.S.	Yest'day Close	Previous Close	Business Done
Sept.	62.50-62.80	59.30-59.50	62.50
Oct.	62.90-65.80	60.30-60.50	—
Oct-Dec	65.60-65.80	61.40-61.50	64.00-62.70
Jan-Mar	67.20-67.50	65.20-65.30	67.60-65.90
Apr-Jne	70.40-70.50	68.30-68.40	70.70-69.00
Jly-Sept	73.10-73.20	71.00-71.10	73.20-72.50
Oct-Dec	75.60-75.20	73.80-73.70	75.80-74.80
Jan-Mar	78.10-78.20	76.90-79.90	79.40-77.50
Apl-Jne	80.80-81.00	78.90-79.00	81.00

Sales: 957 (257) at 15 tonnes; 1 (same) at 5 tonnes.

Physical closing prices (buyer) were: Spot 60.50p (58.75p); Sept. 63.50p (62.25p); Oct. 64.00p (62.50p).

SOYABEAN MEAL

The London market opened around unchanged and stayed in a narrow range in quiet trading conditions, reports T. G. Roddick.

	Yest'rday Close	+ or —	Business Done
	£ per tonne		
August	115.00-17.5	+5.0	—
October	119.00-16.5	+0.85	116.70
December	121.00-21.1	—	121.50-20.80
February	123.00-25.2	-0.25	125.00-22.50
April	124.50-25.0	—	—
June	125.00-26.9	+0.20	—
August	125.00-29.0	—	—

Sales: 62 (153) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £332.00 (£334.00) a tonne cif for Aug.-Sept. shipments. White sugar daily price was £331.00 (£339.00).

Prices gradually improved following a report that Iran had purchased 4-5 cargoes of white sugar. They gathered momentum later on rumours that a New York trade house had sold a block of sugar to Russia. Gains of £12 were recorded before profit-taking trimmed some £2.50 from the day's highs, reports C. Czarnikow.

No. 4 Con. tract	Yest'rdays Close	Previous Close	Business Done
	£ per tonne		
Oct.	359.00-60.00	351.00-51.50	361.00-46.00
Jan.	371.00-72.00	352.75-65.80	—
Mch.	372.50-72.75	365.05-65.25	375.00-62.00
May.	363.00-65.25	355.00-55.25	365.00-55.00
Aug.	342.50-45.00	335.00-35.50	342.00-50.00
Oct.	323.00-29.90	323.50-23.85	329.85-22.85
Jan.	308.00-18.00	318.00-20.00	—

Sales: 7,924 (7,623) lots of 50 tonnes.

Number 2 Contract—Close (in order buyer, seller, business, sales). Aug. 332.00, 398.00, 340.00, 335.00, 21; Oct. 362.50, 363.00, 367.00, 355.00, 474. Sales 495 (699).

Tate and Lyle ex-refinery price for granulated basis white sugar was £342.6 (same) a tonne for home trade and £428.00 (£430.00) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for August 13. Daily price 33.91 (32.46). 15-day average 30.57 (30.15).

WOOL FUTURES

BRADFORD WOOL—Prices were unchanged and untested. New business enquiry remained very quiet, although there were isolated reports of delivery instructions for the period after the holidays.

LONDON NEW ZEALAND CROSS-BREDS—Close (in order buyer, seller, business, sales). New Zealand cents per kilo. Aug. 353, 358, nil, nil; Oct. 363, 365, nil, nil; Dec. 364, 367, 366, 3; Jan. 368, 371, 369, 5; March 371, 372, 371, 5; May 372, 373, 373-372, 2; Aug. 373, 375, 374, 1; Oct. 375, 377, nil, nil; Dec. 375, 378, nil, nil; Jan. 375, 381, nil, nil. Sales: 15.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business, sales). Australian cents per pound. Oct. 458.0, 460.0, 459.0-458.0, 7; Dec. 463.0, 463.5, 463.0-462.0, 44; March 469.0, 470.0, 470.0-469.5, 13; May 471.5, 472.0, 472.0-471.0, 18; July 474.0, 475.0, 474.0-473.0, 3; Oct. 474.0, 476.0, untraded; Dec. 475.0, 477.0, untraded. Sales: 85.

POTATOES

LONDON POTATO FUTURES—The market opened easier but found buyers at 40p-50p down. Sellers raised levels gradually, and with further trade and commission house buying mid session, values rose to near unchanged before easing slightly at the close on light profit-taking, reports Wey and Harper. Closing prices: Nov. 41.10 —10 (high 41.10, low 41.00); Feb. 48.00 unchanged (high 48.10, low 47.60); April 54.80 —20 (high 54.90, low 54.50). Turnover: 29 (44) lots of 40 tonnes.

★

GRIMSBY FISH—Supply good, demand good: Prices at ship's side (unprocessed) per stone: Shelf cod £5.00-£5.80, codlings £2.30-£3.60. Large haddock £4.20-£4.50, medium £2.20-£3.60, small £1.80-£2.80. Large plaice (large) £3.00, (medium) £2.50-£2.60. Lemon soles (large) £7.50, (medium) £4.20-£5.30, small £3.30-£4.50. Skinned dogfish medium £4.00-£5.30, best £6.00. Saithe £1.70-£2.30.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 61.0 to 65.2. Eire hindquarters 72.0 to 75.0, forequarters 39.0 to 43.0. Veal: Dutch hinds and ends 96.0 to 102.0. Lamb: English small 49.5 to 55.2, medium 46.0 to 50.0, heavy 42.0 to 48.0. Scotch heavy 41.0 to 48.0. Imported frozen NZ pl 58.0 to 59.0, pm 52.0 to 52.5. Pork: English, under 100 lb 39.0 to 48.0, 100-120 lb 37.0 to 46.0, 120-160 lb 36.0 to 44.5. Grouse: Young best (each) 300.0 to 350.0.

MEAT COMMISSION—Average fatstock prices at representative markets on August 14. GB cattle 73.73p per kg lw (—0.34). UK sheep 113.00p per kg est dcw (—0.14). GB pigs 66.45p per kg lw (+0.64).

COVENT GARDEN—Prices in sterling per package except where otherwise stated: Imported Produce—Oranges—Moroccan: 54/113's 5.00-5.40; Californian/Sunkist: Valencia Lates 72/113's 6.00-6.40; Outspan: Proteas/Navels 3.00-5.55. Lemons—Italian: 100/150's 5.50-6.00; Spania: Trays 25/45's 2.40; Outspan: Boxes 5.60-7.50. Grapefruits—Outspan: Marsh Seedless 3.90-5.10. Tangerines—Brazilian: Honey 80/125's per box 6.80, ½-box 2.30-3.50. Apples—Tasmanian: Democrat 10.50, Crofton 11.00; S. African: Golden Delicious 13.50; Dutch: 22-lb Golden Delicious 4.40; Spanish: 20-lb Golden Delicious 4.60-4.90, 40-lb 7.50-10.00, Granny Smith 30-lb 9.00. Pears—French: Per 28-lb Dr Guyot 3.30, Williams' 3.80; Italian: Per pound Dr Guyot 0.12-0.14. Peaches—Italian: 1½-trays 1.50-2.40; French: 1.00-1.50. Nectarines—Italian: 4.00-5.00. Plums—Spanish: Santa Rosa 1.00-1.50; Italian: Burbanks, approx. 20-lb boxes 2.00, Bellos 5.00. Apricots—Hungarian: Per 10-lb 2.50. Grapes—Per pound Cypriot: Cardinal 0.35, Sultana 0.30, Alphonse Lavallee 0.40. Melons—Israeli: Ogen 3.50-4.50; Spanish: Yellow 10-kg 2.60-3.50. Water Melons—Greek: Per 20-kg 4.00; per 15-kg 2.50. Bananas—Jamaican: 28-lb, per pound 0.17. Tomatoes—Jersey: 2.80; Dutch: 5.00-3.20. Onions—Spanish: 4.20-4.60. Cabbages—Dutch: White 3.20. Capsicums—Dutch: Green 3.30, Red 7.00. Greengages—Spanish: 2.70-3.40.

English Produce: Potatoes—Per bag, new 1.20-1.40. Mushrooms—Per pound 0.40-0.60. Apples—Per pound Grenadier 0.08-0.10, Howgate 0.12-0.13, George Cave 0.16-0.22, Miller's Seedling 0.20, Discovery 0.22-0.28. Plums—Per 12-lb Czar 1.20-1.30, Dullion's Gage 1.60. Cabbages—Per bag 1.80-2.00. Cauliflowers—Per 12 1.40-2.20. Peas—Per pound 0.06-0.07. Beetroots—Per bag 1.00. Cucumbers—Trays 10/20 2.00-2.40. Tomatoes—Per 12-lb 2.60-2.80. Lettuces—Per 12, round 0.60-1.10, Cos 1.30, Webbs 1.30. Carrots—New crop 28-lb 1.00-1.60. Onions—Per bag 2.20-2.50. Celery—Per 20/30 2.80-3.00. Marrows—Box 12/15's 0.80-1.00. Capsicums—Per pound 0.20-0.25. Runner Beans—Per pound 0.15-0.30. Swedes—Per 28-lb Devon 1.50. Courgettes—Per pound 0.12-0.14. Sprouts—Per pound 0.18-0.20.

PRICE CHANGES

In tonnes unless otherwise stated.

	Aug. 14 1980	+ or —	Month ago
Metals			
Aluminium	£810/815	....	£810/815
Free Mkt	$1801/1860	+25	$1770/90
Copper			
Cash w'bar	£921	+6.5	£904.25
3 mths	£938.75	+5.5	£925.75
Cash Cathode	£889.5	+4.5	£881.5
3 mths	£913.5	+5.5	£905
Gold troy oz	$626.5	+12	$625.5
Lead Cash	£375	-1	£321
3 mths	£385.5	-1.5	£331.5
Nickel	£3,186.45	....	£3,248.55
Freemkt (cif) lb	280/305c	....	280/310c
Platin'mtr'y oz	£182.50	....	£182.50
Free mkt	£268.65	+5.4	£278.30
Quicksilver†	$400/415	....	$395/405
Silver troy oz	666.0p	+1.65	676.0p
3 mths	692.50p	+1.20	692.0p
Tin Cash	£7,175	-45	£7,120
3 mths	£7,177.5	-5	£7,155
Tungsten 22.04lb	$145.32	....	$143.85
Wolfrm 22.04 lb	$149/151	....	$146/148
Zinc cash	£330.5	+8	£325.5
3 months	£342.5	+7.25	£302.5
Producers	$780	....	$780
Oils			
Coconut (Phil)	$625r	....	$680
Groundnut	‡	....	‡
Linseed Crude	£407	....	‡
Palm Malayan	$540t	....	$580
Seeds			
Copra Philip	$445r	....	$470
Soyabean (U.S.)	$312.7z	-1.5	$322.40
Grains			
Barley Futures	£94.30	-0.25	£95.25
Maize			
French No3AM	£125.50s	....	‡
Wheat			
No.1 Red Spg.	‡	....	‡
No 2 Hord Wint	£96r	-0.75	£91
Eng. Milling†	‡	....	‡
Other commodities			
Cocoa ship't	£1,023	-25	£1,112
Future Dec.	£1,015.5	-22	£1,079
Coffee Ft Nov.	£1,275.5	+5	£1,582
Cotton A Index	95.15c	+1.25	87.60c
Rubber (kilo)	60.50p	+1.75	56p
Sugar (Raw)	£332	-2	£255
Woolt'ps 64s kl.	286p kilo	....	290p kilo

‡ Unquoted. r Aug.-Sept. s Sept. t Oct. z Indicator. § Buyer. † Per 76-lb flask.

AMERICAN MARKETS

NEW YORK, August 14.

THE GRAIN and soyabean complex closed lower on commission house liquidation. The livestock market was sharply higher on low hog movement. Gold and silver were higher in reaction to Prince Fahd's statement calling for a holy war against Israel, while copper closed lower on Kennicott's decision to resume talks with the UDW. Cocoa finished mixed on the well-sold position of the producers while coffee continued to find support on dealer interest. Sugar was higher on estimates of deficit in 1980-81, while cotton closed lower on profit-taking, reported Heinold.

Potatoes (round whites)—Nov. 89.5 (97.5), March 124.8-125.0 (120.7), April 149.2-150.1. Sales: 3,943.

Sugar—No. 11: Sept. 34.35-34.60 (34.35), Oct. 35.20-35.25 (34.93), Jan. 36.00, March 36.25-36.40, May 35.30-35.35, July 34.20-34.40, Sept. 32.25, Oct. 31.40-31.50, Jan. 29.30.

Tin—779.00-787.00 (780.00-788.0).

CHICAGO, August 14.

Lard—Chicago loose 22.75 (same). New York prime steam 23.00 (same).

Live Cattle—Aug. 74.45-74.35 (74.12), Oct. 70.50-70.35 (70.52), Jan. 70.95, Feb. 71.30-71.20, April 72.35-72.65, June 73.70.

Live Hogs—Aug. 49.60-49.65 (49.10), Oct. 45.22-45.10 (44.27), Dec. 46.80-46.95, Feb. 49.35, April 49.00-47.95, June 51.05, July 51.30, Aug. 51.10, Oct. 51.00.

‡‡Maize—Sept. 336½-337¼ (343¼), Dec. 338-337½ (342½), March 346½-347, May 348-348½, July 348-347½, Sept. 339.

Pork Bellies—Aug. 52.20 (50.20), Feb. 64.60 (62.60), March 64.50, May 66.00, July 65.00, Aug. 64.40.

Silver—Aug. 1600.0 (1579.0), Sept. 1610.0 (1590.0), Oct. 1616.5, Dec. 1648.0, Feb. 1680.0, April 1712.0, June 1744.0, Aug. 1779.0, Oct. ——, Dec. 1841.0, Feb. ——, April ——, June ——, Aug. 1973.0, Oct. ——, Nov. ——.

†Soyabeans—Aug. 748 (763), Sept. 753-751½ (769¼), Nov. 768-773, Jan. 783-784, March 799-802, May 803-804, July 802-804½, Aug. 799.

‖Soyabean Meal—Aug. 209.5-210.0 (212.5), Sept. 211.5-212.5 (215.0), Oct. 214.5-213.1, Dec. 219.5-219.0, Jan. 220.0-220.5, March 223.0, May 224.5, July 225.0, Aug. 221.0-221.5, Sept. 215.0-217.0.

Soyabean Oil—Aug. 26.40 (26.68), Sept. 26.50-26.55 (26.89), Oct. 26.91-26.75, Dec. 27.15-27.10, Jan. 27.25-27.20, March 27.50-27.40, May 27.60, July 27.70, Aug. 27.60-27.70, Sept. 27.50-27.60.

†Wheat—Sept. 448-447 (453¼), Dec. 467-468 (473¼), March 487-487, May 491½-492, July 490-491, Sept. ——.

WINNIPEG, August 14. §Barley—Oct. 134.00 (135.50), Dec. 134.10 (135.60), March 135.00, May 135.50.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. †† Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, August 14.

Wheat—U.S. No. 2 Dark Hard Winter, 13.5 per cent, Aug. $209, Sept. $209, Oct. $213.50, Nov. $218.50, Dec. $219.50. U.S. No. 2 Red Winter, Aug. $199, Sept. $199, Oct. $200. U.S. No. 2 Northern Spring, 14 per cent, Aug. $211.50, Sept. $213, Oct. $219, Nov. $221, Dec. $226.50. Rest unquoted.

Maise—Spot $182 traded, afloat $172.50, Aug. $170.25, Sept. $168.25, Oct. $167, Nov. $168, Dec. $170, Jan.-March $173.50, April-June $173.50 sellers.

Soyabeans—U.S. Two Yellow Gulfports Aug. $308, Sept. $312, Oct. $319.50, Nov. $320, Dec. $325, Jan. $329.25, Feb. $333, March $334.75, April $335.60, May $335.60. Argentine Aug. $298, Sept. $302.25, Oct. $310 sellers.

Soyameal—44 per cent protein U.S. afloat $252, Aug. $252, Sept. $260, Oct. $268, Nov.-March $277. Brazil Pellets afloat $262, Aug. $265, Sept. $278, Oct. $281, Nov.-March $281.

PARIS, August 14.

Sugar (FFr per 100 kilos)—Oct. 3295-3300, Nov. unquoted, Dec. 3350-3358, March 3435-3445, May 3330-3390, July 3270-3320, Aug. 3210-3270, Oct. 3170-3200. Sales at call 1.

INDICES

FINANCIAL TIMES

Aug. 15	Aug. 12	M'nth ago	Year ago
277.12	276.94	274.40	261.22

(Base: July 1, 1952=100)

MOODY'S

Aug. 15	Aug. 12	M'nth ago	Year ago
1244.0	1236.3	1179.2	1072.1

(December 31, 1931=100)

DOW JONES

Dow Jones	Aug. 11	Aug. 12	Month ago	Year ago
Spot	459.54	448.19	443.77	397.25
F'tur's	461.10	452.42	465.77	407.66

(Average 1924-25-26=100)

REUTERS

Aug. 14	Aug. 13	M'nth ago	Year ago
1728.2	1728.6	1621.0	1525.3

(Base: September 18, 1931=100)

LEGAL NOTICES

In the HIGH COURT OF JUSTICE Chancery Division. Re: OTZAR HITYASHVUTH HAYEHUDIM, Jewish Colonial Trust Limited and Re: The Companies Act 1948.

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated the 28th day of July 1980 confirming the reduction of the capital of the above-named Company from £2,000,000 to £1,950,607.62½ and the Minute approved by the Court showing with respect to the capital as altered the several Particulars required by the above-mentioned Act were registered by the Registrar of Companies on the 1st day of August 1980.

Dated the 15th day of August 1980.

LINKLATERS & PAINES.
Solicitors to the Company.

NOTICE TO CREDITORS TO SEND IN PARTICULARS OF DEBTS OR CLAIMS
ACORN CONVEYORS LIMITED
(in voluntary liquidation)

NOTICE IS HEREBY GIVEN that the Creditors of the above Company are required on or before the first of September 1980 to send in their names and addresses, with particulars of their Debts or Claims, and the names and addresses of their Solicitors (if any), to the undersigned David S. Chester of 37 Station Road, Harrow, Middlesex, HA1 2AW, the Liquidator of the said Company, and, if so required by notice in writing by the said Liquidator, are by their Solicitors or personally to come in and prove their said Debts or Claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated 1st August 1980.

DAVID S. CHESTER,
Liquidator.

Sentiment improves late following money supply figures

Gilts ¼ off and equity index 2.7 up at 477.3 after 471.7

Account Dealing Dates
Options

*First Dealings	Declarations	Last Dealings	Account Day
July 28	Aug. 7	Aug. 8	Aug. 18
Aug. 11	Aug. 28	Aug. 29	Sept. 8
Sept. 1	Sept. 11	Sept. 12	Sept. 22

* "New time" dealings may take place from 9 am two business days earlier.

The recent downdrift in the two main investment sectors of stock markets was arrested yesterday on money supply growth in the four weeks to mid-July being no worse than expected following the shock administered to market last week by news of the recent upsurge in bank lending.

Although still relatively quiet, Gilt-edged claimed most of the interest. Prices were lowered by about ¼ throughout the list at the opening following the Bank of England's offer to provide a roll-over facility of £750m for the sale and repurchase of Gilts for four weeks from next Monday coupled with the request to limit use of the facility to securities of 12 months or less to maturity; the new facility replaces one of £900m which expires next Monday. Quotations held around the lower levels until the 2.20 pm announcement of the latest money supply figures, after which a small rally got underway with the assistance of occasional bear closing which left final quotations around ¼ lower on balance.

The equity leaders followed the trend in the Funds. Trading conditions were again extremely quiet, but the appearance of a few cheap buyers and the absence of selling pressure left the FT 30-share Index up 2.7 on the day at 477.3 after having registered a loss of 2.9 at 11.00 am.

Few features emerged during the course of the trading session, the quarterly figures from BOC causing no surprises. Woolworth became a much steadier market after the previous day's weakness on the first-half slump in profits and reduced interim dividend, while other Store leaders also took on a better appearance.

Gold shares rallied afresh in line with the further recovery in the bullion price and the Gold mines index closed 10 points higher at 364.2.

Quieter conditions prevailed in Traded options with only 429 deals arranged. Lonrho, 105, was the only issue to attract a three-figure business.

Charterhouse Petroleum, which staged an impressive debut on Wednesday despite adverse market conditions, closed unaltered at 75p, after 74p, compared with the offer for sale price of 68p. Among other recently-issued equities, Peerless dropped 7 to 84p, after 82p, on the introduction of short time working because of a sharp fall in orders.

UDT return

Early interest in the banking sector centred on UDT in which dealings were resumed following the previous day's surprise suspension which preceded news of the poor preliminary results and the Trustees Savings Bank acquisition of 75 per cent interest in the group's instalment credit business; reflecting disappointment that the suspension did not result in the much-rumoured bid, the shares opened at 48p, some 13 below the pre-suspension price, then drifted lower to 45p before ending at 48p; the 16 per cent Convertible 1979-81 closed at £130 compared with the suspended level of £170. Other Hire Purchases drifted easier with Provident Financial a couple of pence off at 130p. Moorgate Mercantile eased a fraction to 17½p following details of the £5.9m fund-raising plans. With the exception of Lloyds, which gave up 4 to 298p, the major clearing banks closed at overnight levels.

Insurances closed at the day's best following an after-hours spurt. Still reflecting interim profits at the top end of market expectations, General Accident put on 3 more to 312p, while Royal, the next major Composite group to announce half-yearly figures on Monday, ended 9 higher at 396p. Life issues closed with gains ranging to 7 as in Hambro Life at 255p.

Stores rally

A touch easier at first leading Buildings usually picked up in line with the general trend and closed virtually unchanged on balance. Elsewhere, housebuilders Federated Land improved 3 to 85p, but Gough Cooper shed 2 to 95p. Occasional selling clipped 5 from Vibroplant, 280p, and 1½ from Armitage Shanks, 101½p, but P. C. Henderson came in for support and added 3 to 150p. Burnett and Hallamshire, a rising market of late on the company's coal interests, shed 20 to 770p in a thin market.

ICI slipped to 358p before closing a couple of pence firmer on balance at 362p. Other Chemicals also displayed narrow movements. Croda issues came on offer, the ordinary and deferred shedding 2 apiece to 41p and 18p respectively.

Depressed on Wednesday by the acutely disappointing first-half statement from Woolworths, leading Stores staged a modest rally although rises were usually attributable to a cessation of selling rather than to genuine support. Woolworth, 53p, recovered 2 of the previous day's fall of 4½, while gains of 6 were recorded by Gussies "A," 442p, and British Home, 160p. Marks and Spencer, 101p, and Burton, 110p, both firmed 3, while further speculative attention was directed towards House of Fraser, 4 better at 147p. Secondary issues lacked direction in a subdued trade, but Wearwell gave up 2 to 57p, while W. H. Smith fell 3 for a two-day loss of 7 at 139p.

The sharp contraction in second-quarter profits left Philips' Lamps down 32 at 395p. Scattered support was evident for other selected Electrical leaders which recovered most of the previous day's losses. GEC improved 6 to 482p, and Plessey 5 to 232p. Thorn EMI added a couple of pence to 340p, but Racal eased that much to 275p. The increased preliminary earnings and dividend lifted Louis Newmark 23 to 403p.

Ratcliffs (Great Bridge) became a notable casualty in Engineerings, falling 5 to 46p on the poor first-half statement. Davy Corporation came on offer at 99p, down 3, while falls of 4 were recorded in Porter Chadburn, 63p, and Spear and Jackson, 118p. W. G. Allen (Tipton) edged forward a couple of pence to 32p following the higher annual earnings and Astra Industrial closed 1½ better at 15p, after 15½p, in response to details of the company's sale of a subsidiary and further fund-raising on a factory sale and leaseback arrangement. British Aluminium rose 4 to 177p and Wadkin added 3 to 80p as did Chamberlin and Hill, to 60p.

Interest in Foods was at a low ebb, but the leaders occasionally managed minor improvements. Elsewhere, Associated Fisheries put on 3 to 78p on fresh speculative interest, but confectioners Squirrel Horn gave up 2 to 23p following lower interim profits.

Ladbroke, up 3 at 177p on late support, provided the only noteworthy movement in Motels and Caterers.

BOC improve

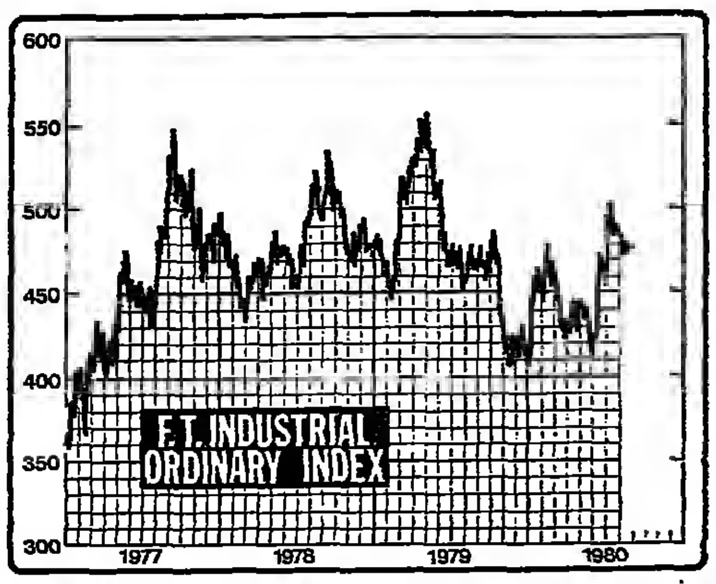
The third-quarter profits announced by BOC International were lower than expected, but shares edged forward a penny to 79p. Other miscellaneous industrial leaders followed the trend of gilts, moving lower in the morning and rallying after the money supply figures. Still reflecting the better-than-expected second-quarter figures, Unilever finished 7 better at 487p, after 478p. Glaxo closed 4 better at 230p, after 224p, and Boots improved 3 to 222p, after 217p. Elsewhere, AGB Research stood out with a rise of 7 to 192p in response to the good annual results and proposed one-for-three scrip-issue. LCP, however, fell 5 more to 64p on further consideration of the profits warning at the AG and Maurice James softened a penny to 10½p after the chairman's similar warning in the annual report. Johnson Group gave up 3 to 173p ahead of next Wednesday's interim figures.

The Leisure sector had a couple of outstanding firm spots in Horizon Travel and Management Agency and Music, the former, a thin market, rising 15 for a two-day gain of 20 to 270p in response to the interim results, and the latter gaining 9 to 143p on revived speculative demand.

The gloomy outlook for the UK industry continued to depress Motor Components. Flight Refuelling eased 3 more to 248p, while Supra fell a like amount to 70p. Kwik-Fit, a good market recently following the acquisition of Firestone's retail outlets, encountered profit-taking and shed 3½ to 85½p. Automotive Products, the subject of persistent nervous selling recently fell to 60½p in response to the near 60 per cent drop in first-half earnings, but the maintained dividend helped the shares recover to the overnight level of 62p.

BPC provided an outstanding dull spot in idle Paper-Printings, falling 3 to 24p following the surprise early announcement of a substantial interim deficit and, as earlier indicated, the absence of an interim dividend.

Modest falls in Properties were usually erased by the close and sometimes replaced with net gains. Land Securities regained the overnight level of 358p, after 355p, while MEPC finished a penny firmer on balance at 227p, after 225p. Haslemere Estates slipped to 344p before settling at 346p for a net fall of 4, but Great Portland Estates improved a couple of pence to 268p. Elsewhere, Imry rose 5 for a two-day gain of 40 to 770p in response to the property revaluation, but Laganvale Estates shed 2 to 35p, after 34p, on the announcement of a proposed rights issue of about £1m partly to finance a £2.5m property purchase. Late demand lifted Marler Estates 6 to a 1980 peak of 52p, while McInerney revived with a gain of 4 at 34p. Carrington Investments, however, eased 3 to a 1980 low of 104p on the poor profits showing and the absence of a dividend.



Ultramar please

Ultramar rose 12 to 358p in response to the sharply higher interim profits and better-than-expected dividend. Other Oils also took a firmer line, but business was small. British Petroleum hardened 2 to 352p, while Shell improved 8 to 416p. Lasmo rallied 18 to 710p and Tricentrol 4 to 338p, while Sovereign revived with a gain of 10 at 290p. Elsewhere, Global Natural Resources put on 35 to 500p on the good first-half profits, while Strata Oil firmed 4 to 136p on the encouraging Woodada report.

In Shippings, Reardon Smith A gained 3 to 71p following the return to profitability and the cautiously optimistic statement.

Among barely-tested Textiles, Courtaulds hardened the turn to 65p. Gaskell Broadloom added a couple of pence to 60p in front of today's mid-term statement, while scattered support lifted Sirdar a similar amount to 90p.

Narrow mixed movements were the order of the day among Plantations. Guthrie rose 13 more to 825p, while Harrisons Malaysian Estates picked up 6 at 182p. Malakoff improved 5 to 88p, but Anglo-Indonesian shed 6 to 102p.

Golds up again

Another firm performance by the bullion price—finally $12 higher at $626.50 an ounce—encouraged renewed support for South African Golds which made good progress throughout the day. The Gold Mines index recovered a further 10.0 for a two-day rally of 16.2 to 364.2.

The sharemarket got off to a good start following strong overnight American support, and continued to edge higher during the day on persistent local and Johannesburg support which left closing prices at the day's best.

Heavyweights registered improvements of up to a point as in Hartebeest, £30⅝, West Driefontein, £37, Harmony, £10⅛, and President Brand, £22⅝. The recently dull ERGO rallied 14 to 358p, in generally buoyant cheaper-priced issues.

London Financials gained ground with Gold Fields prominent and finally 9 better at 517p, while optimism over the Ashton diamond venture prompted a gain in Tanks of 3 to 333p.

South African Financials reflected the strength of Golds. Anglo American advanced 25 to 660p and "Amgold" recovered £1½ to £41½.

The Australian market staged a fresh advance in line with overnight domestic markets. The Strata group issues moved ahead strongly following the encouraging results from the Woodada 2 appraisal well which produced a higher gas flow than Woodada 1. Hanma Gold, which has a 16.8 per cent interest in Strata Oil, jumped 15 to 154p while North West Mining, with 25 per cent of Strata, advanced 12 to 140p.

Among golds and base-metal issues, Bougainville fell 6 to 120p following the results, but Gold Mines of Kalgoorlie rose 6 to 406p. North Kalgurli 3 to 85p and Poseidon 2 to 216p.

In Tins, dealings in Malayan, Southern Kinta and Southern Malayan were temporarily suspended at the companies' requests pending the lifting of suspensions on the Kuala Lumpur exchange which has been closed for the past two days.

FINANCIAL TIMES STOCK INDICES

	Aug. 14	Aug. 13	Aug. 12	Aug. 11	Aug. 8	Aug. 7	A year ago
Government Secs.	69.04	69.53	69.34	69.53	69.81	69.49	74.05
Fixed Interest	70.32	70.49	70.39	70.60	70.66	70.41	74.92
Industrial	477.3	474.6	480.5	479.0	481.1	476.2	479.7
Gold Mines	364.2	354.2	348.0	362.3	379.2	380.1	157.1
Ord. Div. Yield	7.58	7.62	7.54	7.55	7.53	7.59	6.79
Earnings, Yld. % (full)	17.80	17.91	17.70	17.72	17.72	18.17	16.98
P/E Ratio (net) (*)	6.79	6.75	6.83	6.82	6.83	6.65	7.42
Total Bargains	16,905	16,626	17,866	18,861	20,698	19,816	—
Equity turnover £m.	—	97.63	100.54	86.91	115.52	103.17	83.81
Equity bargains total	—	12,064	13,040	13,167	15,092	12,018	11,946

10 am 473.3, 11 am 471.7. Noon 473.2. 1 pm 474.2.

2 pm 474.2. 3 pm 475.3.

Latest Index: 01-246 8026.

* Nil=6.33.

Basis: 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980 High	1980 Low	Since Compilat'n High	Since Compilat'n Low
Govt Secs.	72.54 (21/7)	63.85 (7/3)	127.4 (9/1/35)	49.18 (6/1/75)
Fixed Int.	74.08 (24/7)	64.70 (10/3)	150.4 (28/11/47)	50.53 (6/1/75)
Ind. Ord.	503.1 (15/7)	406.9 (6/1)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	323.8 (29/7)	253.3 (18/3)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Aug. 14	Aug. 13
—Daily		
Gilt Edged	86.3	93.0
Industrials	89.1	90.8
Speculative	29.2	29.5
Totals	81.5	51.4
5-day Avrge.		
Gilt Edged	103.9	113.7
Industrials	93.7	97.2
Speculative	34.3	34.1
Totals	65.8	67.7

NEW HIGHS AND LOWS FOR 1980

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980.

NEW HIGHS (20)

BANKS (1)
Standard Chartered

ELECTRICALS (2)
Kode Intl. Newmark (L.)

ENGINEERING (3)
Astra Ind. Spirax-Sarco
Chamberlain & Hill

INDUSTRIALS (3)
Applied Computer Polymark
Lep Group

INSURANCES (1)
Equity & Law

NEWSPAPERS (1)
News. Int. Spec. Div.

PROPERTY (2)
Marler Estates Swire Properties

TEXTILES (1)
Gaskell Broadloom

TRUSTS (1)
G.T. Japan

OVERSEAS TRADERS (2)
Boustead Inchcape

RUBBERS (1)
Malakoff

MINES (2)
Bond Corp. Western Mining

NEW LOWS (35)

BUILDINGS (1)
Burnett Hallamshire

STORES (3)
Liberty N.V. Ord. Ventona
Sellincourt

ELECTRICALS (1)
Wigfall (H.)

ENGINEERING (7)
Brown & Tawse Ratcliffs (G. B.)
Johnson Firth Brown Tex Abrasives
Lloread Triplex Foundries
Mitchell, Somers

FOODS (1)
Squirrel Horn

INDUSTRIALS (10)
Aero Needles L.C.P. Hldgs.
Alpine Hldgs. Nathan (B. & I.)
Avon Rubber Negretti & Zambra
Berwick Timpo Prestige
Cole (R. H.) Wheelock Marden A

MOTORS (4)
Woodhead (J.) Adams & Gibbon
Zenith A Nelson David

NEWSPAPERS (2)
Routledge Keg. Paul Websters

PAPER (1)
East Lancs. Paper

PROPERTY (2)
Carrington Inv. Wereldhave

TEXTILES (1)
Ingram (H.)

RUBBERS (1)
Anglo-Indonesian

MINES (1)
SWCM

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	—	85	9
Corpns. Dom. and Foreign Bonds	—	35	31
Industrials	135	280	988
Financial and Prop.	89	113	314
Oils	21	14	21
Plantations	4	3	18
Mines	80	14	66
Others	37	43	90
Totals	346	587	1,547

Retired bishop joins TV board

THE Rt. Rev. Francis William Cocks, who retired as Bishop of Shrewsbury on August 1, is to join the Board of Mercia Television, one of three companies competing for the East and West Midlands independent television franchise.

He said television was "a key factor in the quality of life in the community and the establishment of its values." He hoped to play a part in working for better television.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thur., Aug. 14, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed., Aug. 13 Index No.	Tues., Aug. 12 Index No.	Mon., Aug. 11 Index No.	Fri., Aug. 8 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	276.58	+0.1	16.50	5.95	7.31	276.42	278.95	278.56	277.71	249.25
2	Building Materials (28)	251.28	−0.6	18.31	6.67	6.43	252.80	254.51	255.60	256.37	232.96
3	Contracting, Construction (27)	405.80	−0.6	22.87	5.99	5.20	408.26	411.23	412.39	413.14	376.82
4	Electricals (17)	816.25	+1.0	11.80	3.25	10.38	808.01	817.44	815.63	810.38	626.27
5	Engineering Contractors (11)	325.28	−1.0	20.88	8.01	6.01	328.65	330.29	329.21	332.66	369.61
6	Mechanical Engineering (73)	179.17	−0.2	17.10	7.45	7.13	179.54	180.40	179.00	178.34	178.27
8	Metals and Metal Forming (16)	163.75	−0.6	22.13	10.36	5.39	164.80	167.74	168.08	166.59	165.43
	CONSUMER GOODS										
11	(DURABLE) (49)	231.08	−0.1	16.23	5.52	8.44	231.42	233.94	232.96	232.12	238.03
12	Lt. Electronics, Radio, TV (14)	347.78	−0.2	13.77	4.05	11.11	348.40	351.15	350.65	348.87	334.53
13	Household Goods (14)	92.54	−1.4	26.18	11.07	4.82	93.82	93.74	93.89	94.10	151.77
14	Motors and Distributors (21)	101.01	+0.2	22.37	9.30	5.13	100.82	103.15	101.66	101.67	115.97
	CONSUMER GOODS										
21	(NON DURABLES) (172)	233.11	+0.6	17.69	6.92	6.83	231.80	234.10	233.29	233.13	244.15
22	Breweries (14)	284.67	+0.2	15.97	6.47	7.31	284.13	286.64	283.57	283.71	291.74
23	Wines and Spirits (5)	309.30	+0.1	19.61	6.59	6.00	309.00	311.09	310.37	317.13	322.64
24	Entertainment, Catering (17)	330.31	+0.6	17.48	6.77	7.09	328.48	331.72	327.17	331.63	313.92
25	Food Manufacturers (21)	212.41	+0.3	19.07	7.07	6.16	211.79	212.03	209.66	209.98	208.99
26	Food Retailing (13)	349.28	—	12.09	4.56	9.88	349.43	351.45	349.04	358.04	320.00
32	Newspapers, Publishing (13)	433.27	−0.4	21.70	7.40	6.07	435.13	439.94	433.55	433.10	416.33
33	Packaging and Paper (15)	129.35	−0.3	27.62	10.12	4.21	129.79	130.30	132.35	132.29	129.58
34	Stores (45)	230.97	+1.6	13.64	5.45	9.56	227.26	231.75	232.30	229.80	254.86
35	Textiles (21)	121.56	−0.1	27.04	12.99	4.50	121.74	123.17	123.73	124.02	157.39
36	Tobaccos (3)	224.18	−0.4	25.60	10.38	4.45	225.16	225.56	225.56	225.45	247.49
37	Toys and Games (5)	26.67	−1.8	8.43	14.29	27.42	27.17	27.52	27.52	27.17	79.25
41	OTHER GROUPS (99)	222.49	+0.2	16.60	6.97	7.15	222.10	224.41	223.32	223.04	205.65
42	Chemicals (16)	309.02	+0.3	20.08	7.80	5.71	307.95	311.95	310.78	310.82	283.81
43	Pharmaceutical Products (7)	225.92	+1.1	11.20	6.12	11.04	223.44	226.04	223.93	223.95	229.73
44	Office Equipment (16)	106.00	+1.6	19.10	7.83	6.11	104.38	106.43	105.25	105.50	120.39
45	Shipping (10)	592.80	−0.2	12.95	5.96	9.42	594.24	590.53	586.80	583.04	453.07
46	Miscellaneous (60)	278.20	−0.6	16.28	6.65	7.51	279.83	282.39	281.73	280.95	246.44
49	INDUSTRIAL GROUP (492)	248.81	+0.3	17.01	6.57	7.13	248.10	250.55	249.73	249.31	243.00
51	Oils (8)	797.66	+1.2	27.34	6.46	3.97	787.94	798.07	803.99	797.74	639.56
59	500 SHARE INDEX	292.31	+0.5	19.30	6.55	6.10	290.90	293.96	293.63	292.78	275.30
61	FINANCIAL GROUP (118)	227.37	+0.1	—	5.63	—	227.04	227.92	226.09	226.38	194.42
62	Banks (6)	225.37	−0.3	44.81	7.46	2.65	226.00	227.90	227.12	228.29	226.78
63	Discount Houses (10)	280.59	−0.8	—	6.32	—	282.86	283.54	284.38	284.03	264.96
64	Hire Purchase (5)	213.12	−4.1	14.54	4.70	8.96	222.19	227.69	231.31	228.24	169.63
65	Insurance (Life) (10)	230.25	+0.8	—	5.53	—	228.37	229.46	225.39	224.87	155.06
66	Insurance (Composite) (9)	154.14	+1.4	—	7.06	—	151.97	150.36	147.91	148.54	127.86
67	Insurance Brokers (9)	332.64	−0.5	13.97	6.93	9.83	334.20	336.00	333.00	333.56	268.49
68	Merchant Banks (12)	134.54	−0.4	—	5.28	—	135.04	134.57	134.03	133.39	99.79
69	Property (45)	433.69	−0.2	3.26	2.71	42.66	434.37	439.06	436.69	437.14	374.71
70	Miscellaneous (12)	141.07	—	14.66	6.25	8.67	141.13	141.15	140.66	140.01	118.80
71	Investment Trusts (109)	256.32	—	—	5.61	—	256.29	256.66	255.32	254.88	215.14
81	Mining Finance (3)	242.07	+0.8	12.41	4.33	9.70	240.05	241.70	243.18	244.81	125.44
91	Overseas Traders (20)	421.12	+0.6	11.95	7.01	10.09	418.81	413.39	414.89	416.85	343.77
99	ALL-SHARE INDEX (750)	279.24	+0.4	—	6.28	—	278.11	280.36	279.71	279.26	252.21

FIXED INTEREST PRICE INDICES

	British Government	Thur., Aug. 14	Day's change %	xd adj. today	xd adj. 1980 to date
1	Under 5 years	104.94	−0.16	—	6.73
2	5-15 years	110.11	−0.34	—	8.43
3	Over 15 years	115.88	−0.35	—	8.27
4	Irredeemables	128.37	−0.42	—	7.24
5	All stocks	110.05	−0.29	—	7.65

FIXED INTEREST YIELDS

British Govt. Av. Gross Red.

			Thur., Aug. 14	Wed., Aug. 13	Year ago (approx.)
1	Low	5 years	12.13	12.07	9.81
2	Coupons	15 years	12.13	12.07	10.35
3		25 years	12.13	12.07	10.98
4	Medium	5 years	13.54	13.44	11.76
5	Coupons	15 years	13.44	13.36	11.87
6		25 years	13.34	13.29	0.00
7	High	5 years	13.75	13.66	12.17
8	Coupons	15 years	13.79	13.73	12.36
9		25 years	13.61	13.55	12.26
10	Irredeemables		11.56	11.51	10.61

		Thurs. Aug. 14 Index	Yield %	Wed. Aug. 13	Tues. Aug. 12	Mon. Aug. 11	Friday Aug. 8	Thurs. Aug. 7	Wed. Aug. 6	Tues. Aug. 5	Year ago (approx)
15	20-yr. Red. Deb & Loans (15)	54.29	13.63	54.37	54.47	54.63	54.71	54.90	55.50	[illegible]	56.49
16	Investment Trust Prefs. (15)	50.62	13.37	50.52	50.78	50.76	50.11	50.75	50.85	50.94	50.89
17	Coml. and Indl. Prefs. (20)	67.23	13.35	66.87	66.98	66.73	66.67	66.82	67.72	68.56	71.29

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980 high	1980 low
Lloyds Bank	£1	8	298	−4	356	277
Ultramar	25p	7	358	+12	384	205
GUS "A"	25p	6	442	+6	448	340
Marks & Spencer	25p	6	101	+3	102	77
Racal Electronics	25p	6	275	−2	290	175
Shell Transport	25p	6	416	+8	432	314
Beecham	25p	5	146	+3	160	108
Berec	25p	5	97	−1	122	80
Boots	25p	5	222	+3	222	158
Charterhouse Pet. "New"	25p	5	75	—	75	72
ICI	£1	5	362	+2	402	348
Thorn EMI	25p	5	340	+2	348	260
UDT	25p	5	48	—	69	35
Woolworth (F.W.)	25p	5	53	+2	71½	51
BP	25p	5	352	+2	412	320

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Aug. 4	Aug. 15	Nov. 6	Nov. 17
Aug. 18	Aug. 29	Nov. 20	Dec. 1
Sept. 1	Sept. 19	Dec. 4	Dec. 15

For rate indications see end of Share Information Service

Calls were dealt in FNFC, Coral Leisure, John Brown, Rugby Portland Cement, British Land, Premier Oil, Lonrho, House of Fraser, Burmah, Hensher A, UDT, Derritron, Hampton Trust, Tebbitt and North Kalgurli. Puts were completed in FNFC, Beecham, Marks and Spencer, and Associated Dairies, while a double was transacted in FNFC.

RECENT ISSUES

EQUITIES

Stock
BP Restricted Trans.
Baker Electronics 10p
Charterhouse Pet. 10p
Energy Capital
Halls Bros
Home Farm Prods 10p
Marinex 10p
Peerless
Rolfe & Nolan 10p
Utd. Electronic 20p

FIXED INTEREST STOCKS

Stock
British Home Stores 9¾% Cnv. Ln. '92
Denmark 13¾% 2005
Newcastle & Gateshead Water 8¼% Rd Pf.
Outwich 10% Pref.
South Staff. Water 9½% Rd. Pf. '85
Sunderland & S.Shields Wtr 8¼% Rd.Prf.1985

"RIGHTS" OFFERS

Stock
Anderson Strathclyde
Astbury & Madeley
Benford (S. & W.)
Carlton
Chartwell
Clive Discount
Coalite
Crest Nicholson
Derritron
Ferranti
Hazlewood Foods
Land Securities
Lonrho
McKay Secs.
Mallinson-Denny
Polly Peck
Sturla
Thurgar Bardex

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. || Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ||| Introduction. □ Issued to former Preference holders. ■ Allotment letters (or fully paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ London Listing. † Dealings under special rule.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Henderson Admin. (Guernsey) Ltd.

Murray, Johnstone (Inv. Adviser)
163, Hope St., Glasgow, C2. 041-221 5521
Hope St. Fd. July 31 US$38.67
Murray Fund July 31 US$17.67

Sentry Assurance International Ltd.
P.O. Box 1776, Hamilton 5, Bermuda.
Managed Fund US$0.659 534.15

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Amer. Gth. Tst.	51.7	55.6	-0.3	2.61
Abbey Capital	40.1	43.4	-0.2	5.25
Abbey General	50.7	54.8xd	-0.3	5.73
Abbey Gilt & F.I. Tst.	111.0	116.9	-0.6	11.70
Abbey Income	33.8	36.5	-0.2	9.48
Abbey W'Wide Bd Tst.	93.5	98.9	-0.2	4.77
Abbey Inv. Tst. Fnd.	43.9	47.4xd	....	5.36
Equitas Prog. Trust	76.9	83.1	-0.5	5.19

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt & Pref	89.5	94.2xd	+0.3	12.89

Allied Hambro Ltd. (a) (b)
Hambro Hse., Hutton, Brentwood, Essex. 01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	84.1	90.0	-0.4	5.89
Brit. Inds. Fund	73.8	79.0	-0.3	6.58
Growth & Income	45.3	48.5	-0.1	5.73
Elect. & Ind. Dev.	41.3	44.2	-0.3	5.54
Allied Capital	86.9	93.0	-0.3	4.78
Hambro Fund	126.9	135.8	-0.6	8.39
Hambro Acc. Fund	160.0	171.2	-0.8	5.26
Income Funds				
High Yield Fd.	63.3	67.7xd	-0.5	10.56
High Income	75.5	80.8	-0.1	7.80
A. H. Eq. Inc.	42.6	45.6xd	-0.1	7.98
Govt. Secs.	25.6	26.3	-0.2	8.48
International Funds				
International	31.3	33.5	+0.1	3.22
Pacific Fund	52.8	56.5	-0.1	2.18
Secs. Of America	63.4	67.8	+0.1	2.65
Specialist Funds				
Smaller Co.'s Fd.	51.0	54.6	-0.3	4.67
2nd Smlr. Co's Fd.	60.1	64.3	-0.1	4.67

Confederation Funds Mgt. Ltd. (z)
50, Chancery Lane, WC2A 1HE. 01-242 0282

Growth Fund	66.0	69.4	....	4.21

For Cosmopolitan see Charlerton Fund Managers.

Craigmount Unit Tst. Mgrs. Ltd.
40 Bucklersbury, London EC4N 8BD. 01-248 4984

High Income	36.6	40.0xd	-0.4	11.32
North American	52.4	56.5	-0.2	3.03
Canadian Exempt*	43.1	46.6	....	3.57
Canadian Trust	60.2	65.0	+0.1	2.75
Mid Mount High Inc.*	50.8	52.8	....	9.13
Recovery	55.9	60.9	-0.8	7.09
Gilt Trust	43.3	45.3xd	-0.3	12.77

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	31.6	34.1	+0.1	1.10
Cres. Internat'l.	65.5	70.7	-0.2	2.48
Cres. High. Dist.	40.8	44.0	-0.3	10.97
Cres. Reserves	47.0	50.7xd	-0.3	5.82
Cres. Tokyo	21.2	22.8	+0.1	1.00

Dartington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	24.0	25.4	....	12.50

Discretionary Unit Fund Managers
Bilbao Hse., 36/38 New Broad St., EC2M 1NU. 01-638 4485

Disc. Inc. Aug. 8	220.9	235.6	....	5.52

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	17.1	18.8xd	....	7.40
Gt. Winchester O'seas	23.7	26.1	....	4.22

Emson & Dudley Tst. Mngmt. Ltd.
28b Albemarle St., W1. 01-493 3211

Emson Dudley Tst.	82.0	88.2	....	4.00

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	82.4	86.7	-0.5	5.03

Fidelity International Management Ltd.
62-63, Queen St., London, EC4R 1AD. 01-248 4891

American	27.2	29.3	+0.2	1.13
Fixed Interest	25.4	26.8xd	-0.1	12.34
Growth + Income	30.7	33.1	-0.2	7.41

M & G Group (y)(c)(z)

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

1980 High	Low	Stock	Price £	+ or -	Int.	Red. Yield
91	82¼	Aust. 5½pc '81-82	89	-¼	6.30	14.52
85¼	72½	Do. 6pc 1981-83	83⅜	-⅛	7.28	12.67
67	58	N.Z. 7¼pc 1988-92	64½	-½	11.40	13.46
81½	71	Do. 7½pc '83-86	79	-½	9.62	12.96
96¼	88	Sth. Africa 9½pc '79-81	94¾	-¼	10.29	16.52
160	95	S. Rhod. 2½pc Non-Ass.	99	.....	—	29.38
169	133	Do. 6pc '78-81 N.-As.	142	.....	—	29.99

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

1980 High	Low	Stock	Price	+ or -	Div. Gross	Cvr	Yld Gr's
11⅜	850p	Hudson's Bay ‖	905pxd	.....	$1.20	—	5.0
14¼	925p	Hud. B. Oil G. 52½	13¼	+¼	h57½	—	1.7
11⅞	13⅛	Imperial Oil‖	15⅝	-¼	$1.40	—	3.4
14	855p	Inco‖	10½	+¼	72c	—	28.5
565p	425p	Int. Nat. Gas $1	535p	-5	$1.00	—	7.1
495p	265p	Massey Ferg.‖	355p	-5	—	—	—
200p	100p	Place Gas $1	117p	-3	—	—	—
14⅞	10⅝	Rio Algom	12⅞	-⅛	$1.50	—	4.6
20	14½	Royal Bk. Can. $2.	19⅞xd	-⅛	$2.56	—	5.0
25½	15¼	Seagram Co. C$1	24⅛	+⅛	$US1.10	—	2.1
12	890p	Tor. Dom. Bk. $1.	11⅝	.....	$1.36	—	4.4
10½	815p	Trans Can. Pipe	895p	-20	$1.16	—	4.9

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

BUILDING INDUSTRY—Contd.

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

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MINES—Continued

Australian

1980 High	1980 Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
25	21	Acmex 50c	22	......	—	—	—
24	12	ACM 20c	19	......	—	—	—
122	52½	Bond Corp.	122	+2	‡Q2.8c	2.2	1.2
156	88	Bougainville I Kina	120	–6	‡Q26.2	1.0	11.1
265	195	BH South 50c	200	......	—	—	—
356	230	CRA 50c	284	+2	Q15c	2.1	9.2
25	11½	Canada Northwest	20½	+1	—	—	—
42	8	Carr Boyd 20c	33	......	—	—	—
£36⅞	£15¼	Central Pacific	£32	......	—	—	—
41	17	Cultus Pacific N.L.	34	+2	—	—	—
52	20	Eagle Corp. 10c	37	+1	—	—	—
27½	15¼	Endeavour 20c	25	......	—	—	—
464	175	G. M. Kalgoorlie 25c	406	+6	†Q3c	—	0.4
46	15	Great Eastern	21	–½	—	—	—
460	260	Hamptn Areas 5p.	440xd	......	4.5	2.4	1.5
204	30	Haoma Gold N.L.	154	+24	—	—	—
50	15	Intl. Mining	45	–3	—	—	—
720	80	Leichardt Expln.	195	......	—	—	—
77	41	Metals Ex. 50c	73	+3	—	—	—
312	187	M.I.M. Hldgs. 50c	252	+2	‡Q6.1c	1.8	3.3
21	7	Minefields Expl. 25c	17	......	—	—	—
155	60	Mount Lyell 25c	100	+2	Q15c	◆	8.1
28	15	Newmetal 20c	20	+2	—	—	—
55	12	Nickelore N.L.	55	......	—	—	—
207	137	North B. Hill 50c.	190	+2	†Q12c	1.4	3.3
101	44½	Nth. Kalgurli	85	+3	—	—	—
165	90	Nth. Mining Corp.	130	......	—	—	—
184	24	N. West Mining N.L.	140	+12	—	—	—
235	144	Oakbridge $A1	205	......	Q12c	4.7	3.0
153	70	Oilmin N. L.	135	+5	—	—	—
230	128	Pacific Copper	210	......	—	—	—
465	255	Pancont'l 25c	370	+5	—	—	—
78	42	Paringa M&Ex.5p	57	......	—	—	—
495	335	Peko-Wallsend 50c	435	......	‡Q17.5c	◆	2.1
230	140	Seltrust A	172	+4	—	—	—
£14¼	575	Southern Pacific	£12¼	+⅛	—	—	—
100	31	Swan Resources 20c.	92	–1	—	—	—
34	8	West Coast 25c	18	–1	—	—	—
296	177	Westn. Mining 50c	296	+3	†Q7c	1.6	1.3
30	10	Westmex	14	......	—	—	—
108	56	Whim Creek 20c	90	......	—	—	—
34	10½	York Resources	31	–2	—	—	—

Tins

1980 High	1980 Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
25	14	Amal Nigeria 1p	16	+1	6.0	—	—
345	255	Ayer Hitam $M1	315	–5	‡Q290c	0.9	‡
67	42	Berait Tin	62	......	4.5	3.2	10.4
260	149½	Berjuntai $M1	250	–10	Q85c	◆	7.2
230	150	Geevor	155	......	8.4	1.9	7.7
12	10	Gold & Base 12½p	12	......	—	—	—
480	310	Gopeng Cons.	480	+5	†25.0	1.8	7.4
350	280	Hongkong	350	......	‡35.87	◆	‡
107	90	Idris 10p	107	......	14.0	1.2	18.7
15	12½	Jantar 12½p	13	......	1.5	◆	16.5
97	64	Kamunting $M0.50	95	......	Q47½c	1.1	11.2
320	150	Killinghall $M1	320xd	......	‡Q50c	◆	3.2
£10	485	Malay Dredging $M1	£10#	......	◆Q18c	2.6	2.1
42	26	Pahang	42	......	0.44	0.3	1.5
108	83	Pengkalen 10p	94	+2	6.0	1.3	9.1
320	230	Petaling $M1	315	......	†Q150c	1.0	10.0
70	57	Saint Piran	65#	......	‡2.5	6.4	‡
44	22	South Crofty 10p	24½	......	1.0	◆	5.8
415	180	South Kinta $M0.50	400xd#	......	◆Q150c	1.0	7.6
700	325	Stbn Malayan $M1	690xd#	......	◆Q175c	2.1	5.2
305	215	Sungei Besi $M1	260	–5	Q480c	◆	37.6
50	22½	Supreme Corp. $M1	50	......	bQ8c	—	3.3
125	90	Tanjong 15p	115	–5	5.75	6.0	7.1
95	78	Tongkah H. Tin	80	......	Q45c	1.3	12.6
335	220	Tronoh $M1	335	......	Q250c	0.7	15.2

Copper

1980 High	1980 Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
235	130	Messina R0.50	205	......	mQ30c	◆	2.8

Miscellaneous

1980 High	1980 Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
180	78½	Anglo-Dominion	145	+3	—	—	—
97	52	Barymin	64	+2	—	—	—
17	12	Burma Mines 10p	14	......	0.62	1.1	6.4
172	53	Colby Res. Corp.	165	......	—	—	—
502	285	Cons. Murch. 10c.	285	......	MQ180c	1.8	20.1
180	95	††Hemerdon 10c.	95	......	—	—	—
585	325	Northgate C$1	370	......	—	—	—
485	327	R.T.Z.	468	+1	15.0	3.2	4.6
33	16	Robert Mines	24	......	—	—	—
112	97	††SPO Minerals 10p	97	......	—	—	—
58	26	Sabina Inds. C$1.	29	......	—	—	—
51	37	††SWCM 10p	37	–1	—	—	—
650	411	Tara Expln. $1	450	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * *Highs and Lows marked thus have been adjusted to allow for rights issues for cash.*
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- †† Unlisted security.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ◆ Merger bid or reorganisation in progress.
- ◆ Not comparable.
- ◆ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ★ Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or –
Albany Inv. 20p	32	......
Bertam	15	–1
Bdg'wtr. Est. 50p	450	+3
Clover Croft	60	......
Craig & Rose £1	£11	......
Fife Forge	32½	......
Finlay Pkg. 5p	19	......
Graig Ship. £1	£13½	......
Higsons Brew	75	......
Holt (Jos) 25p	256	......
I.O.M. Stm. £1	180	–2
Pearce (C. H.)	465	......
Peel Mills	45	......
Sheff. Refrshmt	103	......
Sindall (Wm.)	142	......

IRISH

Stock	Price	+ or –
Conv. 9% '80/82	£97¼	......
Nat. 9¾% 84/89	£79⅝	–⅛
Fin. 13% 97/02	£93⅞	–⅛
Alliance Gas	48	......
Arnott	200	......
Carroll (P.J.)	65	+1
Clondalkin	120	......
Concrete Prods.	75	......
Heiton (Hldgs.)	25½xd	......
Ins. Corp.	270	......
Irish Ropes	40	......
Jacob	31	......
T.M.G.	80	......
Unidare	77xd	......

OPTIONS

3-month Call Rates

Industrials					
A. Brew	7	I.C.I.	27	Utd. Drapery	6½
BOC Intl.	6	"Imps"	6½	Vickers	12
B.S.R.	4½	I.C.L.	14	Woolworths	5½
Babcock	0	Inveresk	4	**Property**	
Barclays Bank	34	Ladbroke	15	Brit. Land	7
Beecham	10	Legal & Gen.	15	Cap. Counties	4
Blue Circle	25	Lex Service	0	Land Secs.	24
Boots	16	Lloyds Bank	24	MEPC	17
Bowaters	15	"Lofs"	3½	Peachey	13
B.A.T.	20	London Brick	6	Samuel Props.	12
Brown (J.)	6	Lucas Inds.	17	Town & City	2
Burton 'A'	10	"Mams"	14	**Oils**	
Cadburys	5½	Mrks. & Spncr	8	Brit. Petroleum	32
Courtaulds	8	Midland Bank	26	Burmah Oil	20
Debenhams	8	N.E.I.	5	Charterhall	10
Distillers	17	Nat. West. Bank	27	KCA	11
Dunlop	7½	P & O Dfd.	10	Premier	13
Eagle Star	15	Plessey	14	Shell	35
F.N.F.C.	2¼	Racal Elect.	22	Tricentrol	40
Gen. Accident	21	R.H.M.	4½	Ultramar	35
Gen. Electric	30	Rank Org.	15	**Mines**	
Glaxo	10	Reed Intnl.	16	Charter Cons.	14
Grand Met.	12	Sears	5	Cons. Gold	40
G.U.S. 'A'	34	Tesco	6	Lonrho	8
Guardian	23	Thorn	23	Rio T. Zinc	35
G.K.N.	20	Trust Houses	12		
Hawker Sidd	15	Tube Invest.	23		
House of Fraser	15	Unilever	40		
		U.D.T.	5½		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 24

FINANCIAL TIMES
Friday August 15 1980

Greater unity in EEC urged

By Philip Rawstorne

TWO GOVERNMENT Ministers yesterday called for greater collaboration in economic, industrial, scientific and foreign policies in the European Community.

Mr. Peter Walker, Minister of Agriculture, said Britain's presidency of the EEC in the second half of 1981 would provide a unique opportunity to give new momentum to the EEC.

"It will be an ideal time for Britain to give an imaginative and positive lead to Europe—a lead that will enable Europe to obtain its proper place as a major economic and political grouping in the world," he said in Worcester.

Mr. Walker dismissed the "faint-hearted" views that the EEC had failed and Britain should pursue an isolationist policy.

"Europe's total economic strength, and the power that it will provide, will be needed in a decade in which there will be a multitude of economic, political and social pressures," he said.

Dynamic policies had to be developed that would raise the Community's horizons beyond legal arguments and quibbles about the Common Agricultural Policy.

Close relations should be created with Third World countries to make Europe the main supplier of their plant, machinery, management expertise, and technology, he said.

The EEC should develop the technology and financial climate to promote the recycling of raw materials. It should set the pace in developing new sources of energy and in energy conservation.

"Europe has the economic muscle to collaborate jointly to have the finest research programmes in the world

"With imagination and vision, it can also explore ways of reaping the advantages of science and technology . . . find ways of meeting the social consequences of economic growth and technological application."

Mr. Douglas Hurd, Minister of State at the Foreign Office, said in Oxford that the Government wanted to build on the success already achieved in co-ordinating EEC foreign policy. He said Britain was making three proposals for improvements.

A system under which a request from any three countries would trigger a meeting within 48 hours:

A firmer commitment to joint action; and

A permanent staff, seconded from national governments, to work under the EEC presidency.

Mr. Hurd said that foreign policy consultation and co-ordination in the Community should be carried out as rapidly as possible: "The stately rhythms of nineteenth-century diplomacy are not much use

Continued from Page 1

Carter

the Democratic convention was going on.

Mr. Anderson stressed that he expected "to find a place" in his campaign for Kennedy supporters, at least 50 per cent of whom, he claimed, were thinking of deserting *Mr. Carter*.

Yet for all the reservations about the President voiced by rank-and-file Kennedy delegates, the Democratic Party's hierarchy is gradually rallying round Mr. Crater.

His erstwhile opponent Governor Jerry Brown of California also finally endorsed Mr. Carter in a speech to the convention on Wednesday night which was noteworthy for its orthodoxy and for the absence of some of the more esoteric arguments with which he has been associated.

Mr. Brown, who will probably run again in 1984, seemed anxious to position himself in the mainstream rather than on the fringes of the Democratic Party, and he made much of the dangers of a Reagan Presidency.

Pact to supply Nato missiles

BY MICHAEL DONNE, DEFENCE CORRESPONDENT

AN INTERNATIONAL missile agreement which could result in contracts worth hundreds of millions of pounds for UK, U.S. and West German aerospace and electronics manufacturers has been signed by the three countries.

The Ministry of Defence said yesterday the UK and West Germany would develop a new Advanced Short Range Air-to-Air Missile and the U.S. would develop a complementary Advanced Medium Range Air-to-Air Missile.

France, while not a signatory to the Memorandum of Understanding, has a special status, with the option of becoming a full participant at a later stage if the missiles involved meet her requirements.

The aim of the pact is to produce a generation of air-to-air missiles which will meet NATO's requirements to the end of the century and beyond, while sharing costs and widening the prospective markets.

This collaborative deal is the first major agreement under the Nato "family of weapons" concept, designed to help standardise weapons in the alliance.

The European governments and the U.S. will each be able to produce both the ASRAAM and AMRAAM missiles in numbers required to meet their own and Nato's needs.

The pact should help to make better use of technological resources by removing wasteful competition. Collaborative agreements in other weapons areas are being considered.

Precise details of the new air-to-air weapons have not been worked out, although preliminary studies have been undertaken in all the countries concerned.

The first steps will be to study requirements, define the programmes needed, and work out the cost and work-sharing arrangements on specific ventures.

In the UK, it is certain the Dynamics Group of British Aerospace, as the major Western European missile manufacturer, will be heavily involved, so probably will Messerschmitt-Bolkow-Blohm in West Germany.

Many other companies in the electronics and components industries in the countries concerned will also eventually play a role.

No Observer agreement after talks at ACAS

BY NICK GARNETT, LABOUR STAFF

THE OBSERVER management and the National Graphical Association spent five minutes together yesterday to confirm that there was no basis for settlement of the machine managers' dispute which threatens to shut the newspaper.

Management refused to improve its pay offer, linked to new printing arrangements. Union national negotiators met the company at the Advisory, Conciliation and Arbitration Service, after talks with their officials, and repeated two proposals already turned down by management.

These proposals were "rejected out of hand," Mr. Joe Wade, general secretary of the union said after the meeting.

Asked where the dispute went from there, Mr. Wade said: "To the closure of the Observer."

According to management, this overshoots the budget criteria it has been given. It also comes on top of an offer—to the 55 machine managers—which management says would result in extra costs in consequential union claims of £250,000 above that originally intended.

The union, which has agreed a £93.63 rate for 48 pages for the Saturday night-Sunday morning shift has offered to stand by this agreement provided there are fresh negotiations for the few occasions when management wish to print more than 48 pages.

Alternatively the union is seeking the extra £6.50 payment offered by management for 64 pages to be made when the paper is 56 pages. The management has offered £3.25 for 56 pages.

"Our proposals would have cost only £150 more a night on the few rare occasions that a larger paper would be produced," Mr. Wade said.

Management says one formula leaves the question of payments for a large paper open even though negotiations have been designed to fix a firm agreement on this. The other formula means extra costs on the pay bill which it is not prepared to carry.

Local authorities warn workers of pay rises below 10%

BY NICK GARNETT, LABOUR STAFF

NEGOTIATIONS for municipal and county councils warned yesterday that local authorities will not be able to afford pay settlements above single figures when the new pay round begins in the autumn.

Manual workers, with a November settlement date, are first in the round. An attempt by employers to secure a pay deal below 10 per cent for this group, which went on strike during the "winter of discontent" of last year could lead to considerable negotiating difficulties.

Elected representatives of local authorities have already discussed informally what they believe to be accelerating financial pressures on councils and how this will have to be translated in wage bargaining.

It seems possible that employers will wish to move away from wage rounds and a going rate to varying settlements dependent on local authorities' fluctuating finances.

The employers said in the current wage round they could afford only 8 or 9 per cent, but so far have been going to about 13 per cent.

Mr. Brian Rusbridge, employers' secretary for the national joint council for local authorities, said yesterday the financial position had deteriorated.

Wage negotiations in the next round would catch local authorities with their backs to the wall."

It is still nuclear how much below 10 per cent the local authorities will attempt to settle.

Growing financial pressures have resulted from three factors — the size of pay settlements, including that for the teachers; the expectation of tighter cash restrictions by the Government, particularly as a result of council "overspending"; and the growing impact of the recession on industrial rate collections.

Mr. Rusbridge refuted claims from the white-collar National and Local Government Officers' Association that some authorities were prepared to go above the 13 per cent offered by their central negotiators. This group has rejected the offer, due for settlement last month.

The authorities overwhelmingly supported the negotiators and because of deteriorating finances a growing number were saying that "13 per cent takes them beyond what they believe it is prudent to pay." Mr. Rusbridge said.

NALGO delegates will be recommended to accept arbitration to resolve the dispute.

Local authority negotiators say privately that, under arbitration, their position will be made more difficult by the Government's 18.75 per cent settlement for the Civil Service from April.

Bid to cool W. German steel row

BY ROGER BOYES IN BONN

WEST GERMANY'S powerful metal workers' union, IG-Metall, yesterday moved to cool its row with the Mannesmann steel group over worker participation amid signs that the dispute is causing serious tension in the *Government* coalition.

Herr Eugen Loderer, president of IG-Metall, said after a day-long meeting of the executive committee that the union was prepared to hold a new round of talks with Mannesmann about the company's plans to merge its pipes and steel divisions, a move that would ease Mannesmann's obligations under German law on worker participation.

"Where the Mannesmann Board will actually be willing to talk is quite another matter," he said.

But IG-Metall continues to insist that special legislation already proposed by some Social Democratic deputies, should be enacted to guarantee that the form of worker co-determination established in steel companies by an Act passed in 1951 should continue to apply. This is anathema both to Mannesmann and to the Free Democrats, the junior partners in the West German coalition Government.

Under the merger plan it wishes to carry out, Mannesmann would escape from the 1951 rules, which provide for strict worker-shareholder parity on the supervisory Boards of steel and coal companies, with a neutral member exercising a casting vote.

If it went through with its plans, Mannesmann would instead be subject either to the 1976 co-determination Act, which provides for numerical parity between workers and shareholders but which gives the shareholders the last word, or to a 1956 Act which provides for strict parity but reduces the influence of outside union representatives on the supervisory Board.

The Social Democratic Party appears to share the union's view that the merger could set a precedent for other diversified steel concerns which would like to wriggle out of the 1951 regulations. The proposed Bill would specifically prevent this.

The Free Democrats are, however, strongly opposed to such a move. Herr Hans Dietrich Genscher, Foreign Minister and Free Democrat party chairman, said this week that if the Social Democrats clubbed together with the Left-wing of the opposition Christian Democrats to push the Bill through, it would endanger the Social Democrat-Free Democrat coalition.

Herr Herbert Wehner, the Social Democrats' parliamentary majority leader and the main force behind the Bill, has recognised that an open clash with the Free Democrats' two months before the general elections, would be nothing short of folly.

He deliberately played down the Bill in two interviews broadcast yesterday, and said Chancellor Helmut Schmidt should mediate in the dispute.

Recession may hit bottom by January

By David Marsh

A GLIMMER of hope that the worst of the recession might be over by the beginning of next year was provided yesterday by the Government's latest batch of forward-looking economic indicators.

The Central Statistical Office's index of longer leading indicators, which looks ahead to turning points in the economy in roughly a year's time, rose in July for the third successive month, and has been on an upward trend since the end of 1979.

It is now clear that the index hit its lowest point at the end of last year. This is an indication that the trough of the recession might be reached by around the end of this year or the beginning of next.

In past years the index has proved fairly reliable in giving advance warning of future trends in the economy, emerging within a space of 11 to 15 months.

The main reason for the renewed rise of the longer leading index last month was a rise in share prices and a drop in short-term interest rates. These factors outweighed a drop in business optimism as recorded by the Confederation of British Industry.

The CSO's index of shorter leading indicators, which points to trends over the next six months or so, fell again in July, suggesting that economic activity will drop further over the next few months.

The index of coincident indicators—which is broadly in line with the business cycle—also fell in July, mainly as a result of reductions in the adjusted figures for retail sales and manufacturing output.

Weather

...UK TODAY...

CLOUDY with some thunder, brighter but showery later.

London, S.E., E.

Cloudy, some thunder. Max 23C (73F).

Central and N. England, Midlands, Channel Isles.

Rain, some fog, brighter later. Max 21C (70F).

W. England, Wales, N. Ireland, W. Scotland, Isle of Man.

Sunny intervals, showers. Max 20C (68F).

Rest of Scotland.

Thundery rain, showers, later. Max 19C (66F).

Outlook: Dry and sunny at first, some rain on Sunday. Temps. near normal.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	26	79	Lisbon	R	20	68
Algiers	S	30	85	Locarno	S	25	77
Amsdm.	C	20	68	London	C	23	73
Athens	S	30	86	Luxmbg.	C	18	64
Bahrain	S	38	100	Luxor	S	39	102
Barclna.	F	28	82	Madrid	S	13	55
Beirut	F	30	86	Majorca	S	29	84
Belfast	C	19	66	Malaga	F	28	82
Belgrd.	R	14	57	Malta	S	28	82
Berlin	S	22	72	M'chstr.	F	22	72
Biarritz	C	22	72	Melbne.	S	15	59
Bmghm.	C	21	70	Milan	S	26	79
Blackpl.	F	23	73	Moscow	C	20	68
Bordx.	S	30	86	Munich	S	20	68
Boulgn.	F	25	77	Nairobi	S	22	72
Bristol	C	19	66	Naples	S	29	84
Brussels	S	25	77	Nwcstl.	C	22	72
Budpst.	C	18	64	Nice	S	26	79
Cairo	S	23	93	Nicosia	S	28	82
Cardiff	R	18	64	Oporto	F	18	64
Cas'b'ca	S	24	75	Oslo	S	22	72
Cape T.	S	16	60	Paris	S	26	78
Cologne	C	19	66	Perth	C	15	59
Cpnhgn.	S	22	72	Prague	F	15	66
Corfu	S	28	82	Reykjvk.	F	13	55
Dublin	R	18	64	Rhodes	S	28	82
Dbrvnk	S	25	77	Rio J'o	S	25	77
Ednbgh.	R	20	68	Roma	S	29	84
Faro	F	24	75	Salzbrg.	S	21	70
Florence	S	30	86	Singapr.	R	25	77
Frankft.	C	21	70	Stckhm.	S	22	72
Funchal	S	25	77	Strasbg	S	23	73
Geneva	S	22	72	Sydney	S	23	73
Gibraltar	F	26	79	Tangier	S	25	77
Glasgow	C	20	68	Tehran	S	20	87
G'rnsey	C	19	66	Tel Aviv	S	29	84
Helsinki	F	21	70	Tenerife	S	25	77
H. Kong	S	32	90	Tokyo	S	30	86
Innsbrk.	S	21	70	Tunis	S	29	84
Invrnss.	C	21	70	Valencia	S	29	84
I.o.Man	C	16	61	Venice	S	25	77
Istanbul	F	28	82	Vienna	S	25	77
Jersey	F	22	72	Warsaw	C	20	68
Jo'burg	S	10	49	Zurich	S	21	70
L. Plms.	S	24	75				

C—Cloudy F—Fair R—Rain S—Sunny

هكذا من الأصل

THE LEX COLUMN

Why the banks got warned off

Index rose 2.7 to 477.3

The gilt-edged market is so inured to scenes of horror that it had to stifle a yawn when the full set of banking figures for July turned out just as last week's dress rehearsal had suggested. The Bank of England line is that the underlying monetary picture got no worse in July, but this is only marginally reassuring, since there is still no accurate indication of how bad things were before.

In the money markets, the smoothing process goes on. The second leg of the August sale and repurchase agreement with the banks has been rolled over to the tune of £750m, but the banks have been told not to use the money to play the gilt-edged market. It is understandable that the authorities, who have been none too pleased with the banks since they discovered the scale of corset evasion, should want to stop the present crazy game, under which they buy gilts from the banks to allow them to buy more gilts.

The money supply figures show another reason for the control. Of some £1½bn gross sales of gilt-edged in banking July, less than £600m ended up with the UK non-bank private sector. The rest went to banks and foreigners, against the interests of money supply control. But shutting off banks from the market is a funny way of making institutions buy, and it is a pity that a new restriction was felt to be necessary.

Earlier this summer the market raced ahead because foreigners were buying in large quantities and because—after the end of the corset—the banks were free to have a go, partly on money lent by the Bank of England. The institutions only bought the market because it was rising. Most of them are already overweight in gilts, and would just as soon put their money abroad.

Sooner or later, funding will have to resume. The Bank can let yields on very long stocks—which the banks and foreigners do not like—rise to a level that will tempt the institutions back: persuade the institutions, while the banks are kept out of the market, that they want to buy short-dated stocks (they don't), or come up with something new. The market will dither until the Bank decides.

Philips

Philips looks like exceeding its target for a 5 per cent increase in volume this year—with a 7 per cent gain for the first half already under its belt — but the improvement has been made only at the expense of margins. After the modest squeeze of the first quarter, trading margins have contracted by nearly a third in April-June. Together with sharply higher interest charges, this has led to a halving of pre-tax profits in the latest quarter to Fl 151m, to produce a first half figure of Fl 422m, against Fl 612m. The shares fell Fl 1.3 yesterday to Fl 18.1.

Colour TV remains the most vulnerable area, although there has been a slight recovery from the second half of last year, while the new videocassette model is said to be winning back market share. Stocks are still climbing, although the restructuring measures should begin to reduce levels in the second half. This should allow a reduction in net debt and a fall in interest charges, which have absorbed nearly two-thirds of trading profits in the second quarter. Nonetheless, pre-tax profits may be no better than Fl 300m this year, against Fl 1bn, and there can be little optimism about either competition or consumer demand next year.

BOC International

A steady performance in industrial gases is going to leave BOC International with only a modest fall in profits during 1979-80 — at least by comparison with other companies in its sector of industry. Third quarter results have been hit by a sharp downturn in the U.S. and, to a lesser extent, by reorganisation costs. But the overall trend has not deteriorated by much, and reported profits after nine months are just £3.7m down at £47.7m pre-tax. If depreciation had been charged on a normal historic cost basis, BOC would actually have posted a small improvement.

Volume in UK gases is slightly ahead so far, and despite a decline in the U.S. overall profits from gas are higher. BOC is pushing hard to improve the returns in the rest of its business, and it looks as though there are more sales and closures to come. Although it is probably showing a small book profit on its disposals to date, there will be a £10m extraordinary charge against earnings this year. That should more or less cover the reorganisation programme.

Longer term, BOC would obviously gain from any sustained fall in interest rates—its finance costs are just over twice covered—and there are prospects of steady growth in gases. So the outlook still appears to be better than it is for manufacturing industry as a whole: the prospective yield at 79p is probably about 8¼ per cent, well covered.

BPC

The latest corporate casualty is BPC, in which Pergamon Press recently took a 29 per cent take through a dawn raid. BPC has moved into a £6.5m pre-tax loss in the first half of 1980; more loses are in prospect in the second half, and the dividend has gone. Debt is just passing its annual peak, but will close the year above last year's net £39m. Ordinary shareholders' funds must be below £32m, and the capitalisation at 24p is £9.4m.

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